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Volume 160 Number 4328

New York, N. Y., Thursday, October 26, 1944

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Coming Changes In Distribution

By PAUL H. NYSTROM*
Professor of Marketing, Columbia University
President, Limited Price Variety Stores Association

Marketing Specialist Says 40-Hour Week With Its Penalties For Overtime Never Justified Even In Depression Years And Should Be Abolished Before It Wrecks Our Economy. Condemns Evils Of Closed Shop. Sees Favorable Post-War Prospects Arising From Consumer Savings And Growth In Marriages And Population As Well As Need For Replacements And Rebuilding.

The subject assigned to me is, "Coming Changes in Distribution." I wish I knew the answers. I shall, however, attempt to state some of the conditions likely to produce changes and then add what I think may or should occur.

Paul H. Nystrom

There is at least one point of major significance upon which, I think, we can all agree, namely, the extraordinary importance that distribution and marketing will have in the post-war era. This country can produce. The war has proved its enormous productive capacity. Given a little time in which to convert from war to peacetime production, there is no question but that the nation's farms and factories, its forests and mines can provide for an economy of abundance and prosperity. I wish that it were possible to speak with equal assurance of our system of distribution. Will those in charge of the marketing of goods, sales managers, advertising men, brokers, wholesalers, retailers and their employees, be able to find the markets, stimulate the demand and distribute the products of industry and so build national prosperity? This is the key question. This question poses the greatest challenge the business men of this country have ever faced.

Sales organizations, both large and small, of manufacturers and producers have, as a result of the war, been largely depleted. Wholesale and retail sales staffs have likewise been cut down and diluted with untrained and inexperienced help. These changes were made necessary by the nation's war effort. So long as the war continues, so long as there are surpluses of purchasing power and deficiencies in supply, there is no special need for sales effort. There is at present little, if any, real promotive sales effort going on anywhere. Most of the new employees in our sales and distributive establishments probably don't even know what selling is. Most of them do not even seem to care. Sales training departments in factories, wholesale

(Continued on page 1810)

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*An address made by Professor Nystrom before the Boston Conference of Distribution, Statler Hotel, Boston, Mass., Oct. 16, 1944.

Compulsory Military Training In Peacetime For America?

What Are Your Views On The Subject?

The Issue Of Whether America Should Adopt A System Of Compulsory Military Training In Peacetime Promises To Receive Increased Attention In Public And Official Circles As The Wars On The Two Fronts Move Closer To Certain Victory. In The Interest Of Stimulating Public Thinking On The Question And Thereby Contributing To A Better Understanding Of The Implications Of Such A Policy, The "Chronicle" Would Be Pleased To Receive For Publication The Views And Opinions Of Those Who Desire To Express Themselves In The Matter. Letters Should Be Addressed To Editor, "Commercial and Financial Chronicle," 25 Spruce St., New York City 8, N. Y. As A Background For This Symposium, We Give In Today's Issue, Starting On This Page, Several Recent Discussions Of The Subject, Two Of Which Represent The Views Of Members Of Church Denominations, While The Third Reflects Opinions Of The President Of A Prominent Educational Institution.

Catholic Prelate Opposes Program

By REV. CYRIL F. MEYER, C.M., Ph.D.*
Dean, St. John's University

There are a great many questions which we are asking today. One of them is, "How can we preserve peace in America?" As we see the sun of victory timidly peeping above the horizon we are anxious to make sure that our boys will not have to march off to another world conflict within the next generation. There is one answer that is being made to that question which bears serious examination. It is the

Rev. Cyril F. Meyer

(Continued on page 1818)

Presbyterian Synod Voices Opposition

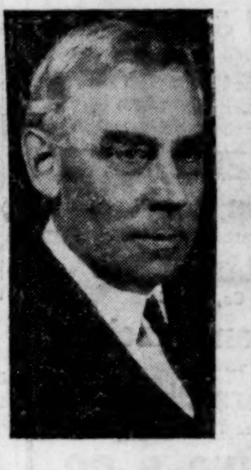
The Synod of New York, meeting at the First Presbyterian Church, Brooklyn, Oct. 16-18, accepted the report of its Committee on Social Education and Action and adopted the following resolution:

"We disapprove of the effort that has been initiated in certain quarters to fasten upon the nation now, in time of war, a permanent policy of universal conscription to be followed as a policy in time of peace. This has generally been regarded as a policy of militaristic nations and governments, and there are many thousands of worthy American citizens who are such because they or their fathers fled from their native lands to escape compulsory military service in peacetime. The attempt to establish military conscription as a national policy marks a lamentable trend, which the Synod of New York condemns and against which it makes protest, recommending that pastors and lay folk make known to public officials and candidates for office our disapproval."

Universal Training—What Kind?

By DR. HARVEY N. DAVIS*
President, Stevens Institute of Technology

We are met here today, I take it, in a dual capacity, first, as citizens of the United States to consider what ought to be done to safeguard the future security of our country and what we can do to further that safeguarding, and second, as educational administrators taking counsel together as to how to minimize any possible bad ef-



Harvey N. Davis

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The Branch Banking Controversy

By ROY L. GARIS
Vanderbilt University

Southern Economist Reviews The Arguments For And Against Branch Banking And Concludes That It Is Difficult To See Any Justification For Branch, Chain Or Group Banking Beyond The County In Which The Parent Bank Is Located Or Within A Limited Trading Area. Maintains That Branch Banking Will Hamper Small Business And Tend To Destroy Free Enterprise, And Urges The Strengthening Of Our Independent Unit Banks "Rather Than Follow A Jack-O-Lantern Labeled Branch Banking."

Roy L. Garis

Our servicemen overseas, on the seas, here at home—wherever they may be—do not wish to return after V-Day to leaf-raking and apple selling. They do not want doles or a super WPA. Instead they—and the men and women working long hours now in our war factories — want good jobs in private industry in a system of free enterprise. They want "the high privilege of marching down the road of freedom in a land dedicated anew to opportunity." These men and women of ours understand fully that we cannot undergo a gigantic, permanent WPA without serious threat to our political and economic freedom, since too much Government employment can be virtually as disastrous as mass unemployment.

This is not a problem that faces a few large industrial centers. Instead it is a problem that must be dealt with by every town and hamlet in every State and community in our country. For our men and women in service and in our war plants have come from every section—even from every cross-roads. It is a problem vital to America's Main Street.

How vital is evident from the fact that in 1940, according to data of the Committee for Economic Development, there were 46 million persons with jobs. But *at the same time*, in spite of billions spent by the Government for WPA, doles, and relief for ten years, there were nine million persons unemployed in this country. Forty-six million jobs after

(Continued on page 1801)

Halsey, Stuart & Co. Elects Three V.-Ps.

Announcement is made by Halsey, Stuart & Co., Inc., of the appointment of three new Vice-Presidents: J. Howard Carlson, of the New York office (35 Wall Street); Walter L. Darfler and M. W. Miller, of the Chicago office (123 South La Salle Street). Mr. Carlson has been associated with the firm since 1921. Mr. Darfler since 1920, and Mr. Miller since 1918. At the same time announcement was made of the retirement of Frank E. Weakly, Vice-President Chicago office, who is leaving to become President and director of Washington Properties, Washington, D. C., effective Nov. 1, 1944.

We Are Losing The Peace

By NORMAN THOMAS*

Socialist Candidate For President Views Slogan Calling For Unconditional Surrender As Unnecessarily Sentencing Thousands Of Our Sons To Death. Says Dumbarton Oaks Plan Merely Promised A Camouflaged Triple Alliance And If By Some Miracle All Germans And Japanese Could Be Destroyed, Stalin And Churchill Would Go On Demanding Strategic Frontiers And Maneuvering For Spheres Of Influence.

It isn't the machinery of international cooperation which offers the chief difficulty to peace. Various thinkers have presented workable suggestions for regional federations, like a United States of Europe, in relation to a larger world confederation which can settle disputes by other means than war. In practice organizations like the International Postal Union, the International Labor Office and recent conferences on food and fiscal systems show what could be done.

Norman Thomas

The difficulty is with the attitudes of governments to peace. A vindictive peace will poison social relationships. If we really want peace, the enemy nations should be assured that disarmed, stripped of conquest, and possessed of trustworthy governments, they will be included in the benefits, economic

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*A radio address delivered by Mr. Thomas on Oct. 23 over Station WJZ in New York City.

(Continued on page 1806)

Belgium To Get Huge Lend-Lease Credit

(Special to The Financial Chronicle)

WASHINGTON, D. C.—Belgium will shortly get an international lend-lease credit of about $100 to $150 million for raw cotton, locomotives and freight cars. The French are asking $200 million for locomotives. Efforts are progressing to bring French and Belgians together so as to remove attachment of French assets here. Business communications with France will probably be permitted next week.

IBA Rocky Mt. Group Elects Earl Scanlan

DENVER, COL.—Earl M. Scanlan, of Earl M. Scanlan & Co., has been elected head of the Rocky Mountain group of the Investment Bankers Association of America. He will succeed Aaron W. Pleasants. Paul E. Youmans, Sullivan & Co., was named Vice-President, and Elmer G. Longwell, Boettcher & Co., was elected Secretary. The new officers will take office on Nov. 1.

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Cartels—A Program

By JOHN W. WHITE*

President, Westinghouse Electric International Co.

After Defining A Cartel, Mr. White Asserts That Our Policy On This Subject Will Shape Not Only Our Foreign But Our Political Relations With Other Nations. Recommends Creation Of Council Of Industry To Express Statesmanlike Thinking On Cartels.

John W. White

Of all the subjects being considered in connection with national post-war planning, none is receiving more attention than what shall be the national policy towards International Business Agreements—an euphonious title, for the somewhat less respectable word—cartels.

Probably no subject, in reference to domestic and foreign policies, is receiving so much attention and consideration, in so many different places, by so many different people, with so many different conclusions about it, as is this subject of cartels. Every national organization of importance — trade, political, educational and cultural — has its own cartel committee. Most Chambers of Commerce have a cartel committee. The Congress in Washington, has committee consideration being given to this burning subject. Most of the Federal governmental departments have their own special committees, topped by an overall inter-departmental committee — which is considering

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*An address made by Mr. White before the Second General Session of the 31st National Foreign Trade Convention, New York, Oct. 10, 1944. Mr. White is Chairman of the Committee on International Agreements of the National Foreign Trade Council.

(Continued on page 1808)

Small Business Equity Securities And The 5% Rule

SEC Report Gives Indication That Small Scale Equity Capital Could Not Be Marketed If Rule Is Enforced

In response to many inquiries during the past several years, the SEC undertook an investigation of the costs of obtaining equity capital by small and medium sized industrial concerns. It has tabulated and averaged these costs as shown in the registration statements filed with it by industrial concerns having assets of not over $5,000,000.

The report indicates clearly that if underwriters and dealers of securities of small industrial companies were limited to a gross profit margin of 5%, there would be an end of market transactions in such securities.

In the period from Jan. 1, 1938, to June 30, 1944, the costs of flotation of 184 issues of common and preferred stocks were tabulated, and this cost, in percentage of gross proceeds from the issues, amounted to 17.9%, of which the

(Continued on page 1800)

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Problems Of The Transition

By RAGNAR D. NAESS*

Naess & Cummings, Investment Counselors, New York

Investment Counselor Holds That Transition Will Be Long Because The Japanese War May Last Two Years After Germany's Defeat. Accordingly, We Will Have A Period Of "Hybrid Economy" Of Part War And Part Peace, With Lower Production, Reduced Incomes, Declining Prices And Continuing Government Deficits. Predicts Unemployment Of 4 Millions, Raw Materials And Other Surpluses, Government Maintained Price Floors And A Sharp Contraction Of Business Profits. Warns Of Need For Continuing Government Controls And Urges Cooperation Between Industry, Labor And Government As A Satisfactory Solution.

Ragnar Naess

During the last few years the United States has overcome and solved successfully tremendous problems of war. During the next few years the United States will be faced with the solution of equally tremendous problems of peace. From an economic point of view the problems of war are those of production and management. We have the facilities, the labor, the skill and the management to produce gigantic quantities of goods if they are demanded. After the war the economic problem will be not only to produce great quantities of goods, but to sell them in a peace market. The war market will largely disappear and we will be dependent upon markets at home and abroad for the disposal of the potentially enormous quantities of goods that can be produced with our greatly increased capacity, the increased number of skilled workers, the new and better methods of technique and our fine indus-

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*An address made by Mr. Naess before the American Statistical Association meeting in New York, Oct. 18, 1944.

(Continued on page 1816)

Treasury Reveals Reservations To Bretton Woods Agreements

By HERBERT M. BRATTER

(Special to The Financial Chronicle)

Herbert M. Bratter

WASHINGTON, D. C., Oct. 25.—The Treasury Department today released for publication the reservations made by the various national delegations that signed the Bretton Woods agreements on July 22, 1944, to establish an International Monetary Fund and International Bank for Reconstruction and Development. Although the Final Act of the Bretton Woods Conference was signed by the delegates of all of the United Nations represented there, and was considered as a unanimous product there were, as previously pointed out in the "Chronicle" indications that several delegations wished to attach reservations or statements along with their signatures.

However, at the urgent request of Lord Keynes, the head of the British delegation, and other leaders of the Conference, these reservations and statements were withheld, with the understanding that they would be made a part of the proceedings.

Since the adjournment of the Bretton Woods Conference, the fact that important reservations had been made by a number of the 44 delegations that signed the "Final Act" was not lost sight of and, accordingly, officials of the Treasury Department which were

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Congress Can Enable Swift Use Of Force To Preserve Peace--Dewey

Republican Candidate Blames Roosevelt For Scuttling The London Economic Conference, "The Most Isolationist Action Ever Taken By An American President." He Promises To Work Harmoniously With Congress, And Announces Pledges Of Support From Prominent Republican Leaders.

Governor Thomas E. Dewey, on Oct. 24, delivered an address in Minneapolis, in which he again discussed post-war foreign policy.

Thomas E Dewey

His address was devoted largely to replying to statements of President Roosevelt, made in the address in N. Y. City on Oct. 21, before the Foreign Policy Association, in which the latter ascribed a pre-war isolationist policy to leading Republican Congressmen. Governor Dewey, after asserting that Mr. Roosevelt had "paraded before the American people the ghosts of a long-dead past," contended that various acts, such as the passage of the "fruitless" Neutrality Act of 1935, the withdrawal of the American representative from Geneva, and the "scuttling" of the London Economic Conference in 1933, indicated a pre-war isolationist policy on the part of the Democratic Administration and its adherents.

The text of Governor Dewey's address, as reported by the New York "Times," follows:

Governor Thye, Mrs. Stassen, Fellow Americans:

It's mighty good to come back again to Minnesota, the State of that gallant leader, Comdr. Harold Stassen. As a great Governor and a bold and courageous leader of opinion, he rendered services to his country equaled only by his present service in the United States Navy.

To the people of Minnesota he gave something else very precious and too long absent from our national life. He gave teamwork government, not one-man government.

As a result, when he left for the Navy, there was a first-class man ready and able to fill his shoes. That man has so ably and successfully conducted the affairs of the State that everyone agrees that you will elect by an over-

(Continued on page 1821)

Los Angeles Traders Elect Hey President

LOS ANGELES, CALIF.—Clifford L. Hey of Nelson Douglass & Company was elected President of the Bond Traders Association of Los Angeles, at a meeting held Wednesday, Oct. 11, succeeding William J. Zimmerman of Bingham, Walter, and Hurry.

Clifford L. Hey

Other officers elected were Nicholas P. Kirwin, Dean Witter & Co., Vice-President, Joseph F. Gallegos, Pacific Company of California, Secretary, A. S. McOmber, Revel Miller & Company, Treasurer.

The following were elected to the Board of Directors, Clifford E. Poindexter of Turner-Poindexter & Company, H. A. Cottingham, Dean Witter & Company, and Leo B. Babich of Hill Richards & Company. John C. Hecht of Butler-Huff and Company and William J. Zimmerman, the retiring President, were elected National Committeemen.

Appreciation Possibilities

The common stock of National Distillers Products Corp. appears attractive for its appreciation possibilities and its liberal income yield, according to a study of the situation prepared by H. Hentz & Co., Hanover Square, New York City, members of the New York Stock Exchange and other leading Exchanges. Copies of this interesting study may be had upon request from William Loss, manager of the research department of H. Hentz & Co.

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Buckley Brothers Adds Three In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Henry Marin, Marshall S. Riddick and Walter A. Wolford have become associated with Buckley Brothers, 530 West Sixth Street, members of the New York, Philadelphia and Los Angeles Stock Exchanges. Mr. Riddick and Mr. Wolford were formerly with G. Brashears & Company.

"Let There Be Light"

Eugene C. Dinsmore, 312 Patterson Building, Omaha, Nebraska, is giving out books of matches in attractive gold covers with the hope that he may discover where Nebraska municipals are hiding.

Situation Of Interest

Common and preferred stock of MacFadden Publications, Inc., offer interesting possibilities, according to a descriptive summary prepared by Bristol & Willett, 115 Broadway, New York City. Copies of this summary may be had from the firm upon request.

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Attractive Possibilities

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, have issued a memorandum discussing factors favorably affecting New Orleans Great Northern Railway 5s of 2032. Copies of this interesting memorandum, and a study of the situation may be had from the firm upon request, as well as the current issue of their "Preferred Stock Guide," and a circular on Standard Stoker Co., Inc.

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Post-War Depression?

By WILLIAM R. BULL
W. R. Bull Management Co. New York City

By Carefully Analyzing Conditions Prevailing After World War I And Contrasting Them With Present Conditions The Writer Concludes That Because Of Prevailing Price Controls There Is No Threatening Commodity Price Collapse As Occurred After The Last War And Therefore Any Cause For A Post-War Business Depression Stemming From A Commodity Price Boom Is Simply Not In The Making.

William R. Bull

There are many today who belive that a period of industrial depression and collapse of commodity prices will follow shortly after the present war as they did after World War I. By those who were in active business at the time, the post-war business collapse of 1920-1921 and the business disasters which followed it are vividly remembered. As to what may take place after the present war, some enlightening deductions may be drawn by comparing certain economic conditions of the present with those of the former period.

At the time of World War I, the general shortage of goods caused by the war demand led to commodity speculation and hoarding. Certain materials and products became hard to get at any price, and forward buying in many lines became the rule. Business was generally active and on a rising volume, and credit conditions were favorable. There were few if any effective price ceilings. A spectacular price advance in commodities was therefore a natural outcome.

The following tabulation depicts the action of some major indices

(Continued on page 1817)

Phelps & Rudick To Address New School For Social Research

Thomas W. Phelps, partner in Francis I. du Pont & Co., will speak on "Problems of Investment in a Regulated Market," at the New School for Social Research, 66 West Twelfth St., New York City, on Friday evening, Oct. 27, at 8:30 p.m. Mr. Phelps is one of the financial authorities taking part in the weekly series "Ten Years of the SEC," of which Rudolph L. Weissman is Chairman.

Harry J. Rudick will speak on "Tax Avoidance Provisions" on Tuesday, Oct. 31, at 8:30 p.m. Mr. Rudick is Chairman of the Taxation Committee of the Association of the Bar of the City of New York, and is one of the tax experts taking part in the weekly tax symposium of which Alex M. Hamburg is Chairman.

"Clara Has It"

All the boys along Seventeenth Street say Clara Simpson, attractive wife of Bryan Simpson, B. E. Simpson & Co., California Building, Denver, Colo., has really added something to the giving out of quotes. Her cheerful voice has made a number of the boys stop in to say hello in person.

Expects Protracted Prosperity After 1945

P. A. O'Connell Predicts 7 to 10 Million Unemployed At End Of War, But Sees A Period Of Prosperity After Reconversion Similar To That Experienced In The Twenties.

P. A. O'Connell

In welcoming delegates to the Sixteenth Boston Conference on Distribution on October 16, P. A. O'Connell, President of E. T. Slattery and Company and General Chairman of the Conference, called attention to the post-war and reconversion problems that must be solved in order "to bring about a healthy economic recovery." Referring to the outlook for 1945, Mr. O'Connell stated that "the growing crisis in Europe and the possible prosecution of the German war has accelerated activity in Washington on cutbacks, termination, surplus disposal, reconversion and all important phases of demobilization. There is a new tendency in Washington to raise the estimate of cutbacks from 40% to 60%. It is estimated by reliable authorities that cutbacks would be about as follows:

Munition Products	50%
Ground Army Equipment	58
Aircraft and Equipment	35
Naval Vessels	64
War Construction	75
Treasury War Expenses	34

"In view of that fact there would be a possible drop of about $30 billion in war expenditures. If

(Continued on page 1815)

V. H. Troendle With Klehmet & Company

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Victor H. Troendle has become associated with Klehmet & Company, 650 South Spring Street. Mr. Troendle recently was with Witherspoon & Company, Inc. Prior thereto he was Vice-President of G. Brashears & Co.

Shute To Represent Milwaukee Co. In St. Paul

ST. PAUL, MINN.—Preston B. Shute will represent The Milwaukee Company in St. Paul and Minneapolis, it is announced by Clarence L. Finger, Vice-President in charge of the St. Paul office. Mr. Shute who has been with the firm in Milwaukee will make his headquarters at the St. Paul office in the Endicott Building.

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Attractive Rails

The current situation in St. Louis-San Francisco issues offers interesting possibilities, according to a memorandum prepared by Vilas & Hickey, 49 Wall St., New York City, members of the New Yock Stock Exchange. Copies of this memorandum, and a bulletin on the exchange offer for Central Pacific Ry. Co., may be had from Vilas & Hickey on request.

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Public Utility Securities

Consolidated Natural Gas

Consolidated Natural Gas has declined about 2 points to 29½ (Oct 23rd closing) as the apparent result of the accident of its subsidiary last Friday, when two or three liquid-gas storage tanks exploded in Cleveland. Early reports named only 14 dead, but according to a later news-ticker story, deaths as a result of the explosion and fire may reach an estimated 200. Fire devastated 10 city blocks, causing an estimated damage of $7,000,000, which is apparently in addition to the company's own loss of $4,000,000 (9 or 10 company buildings were destroyed in addition to the tanks).

Early AP reports indicated that an explosion in the neighboring testing laboratory of the American Gas Association was the original cause of the holocaust, but this was later denied. Since eyewitnesses of the disaster—including 75 company employees—were probably all killed, it will be exceedingly difficult to reconstruct the catastrophe and determine the causes. However, the Municipal Safety Director of Cleveland, Frank D. Celebrezze, has been appointed head of a Fact-Finding Commission to study the structural, chemical, metallurgical and operational phases. An appropriation of $25,000 will be asked for the probe.

Strangely enough, while many small business enterprises in the district have doubtless been crippled as a result of the fire, the ability of East Ohio Gas Co. to supply normal or peak industrial demands for gas remain unimpaired. According to a company representative, the real reservoirs are under ground. The storage tanks are a useful adjunct to the business but held only the equivalent of 240,000,000 cubic feet of gas whereas peak load requirements for a single day might run to 343,000,000 cubic feet.

A picture of the company's three small spherical tanks holding liquid gas (together with two of the large, old-fashioned tanks nearby) were pictured in a booklet sent to stockholders of Standard Oil Co. (N. J.) Nov. 1, when Consolidated was split off from Standard Oil (the stock being distributed to Standard stockholders on a 1-for-10 basis). They represented a novelty in the gas industry, and other large natural gas companies have been contemplating the use of this storage method, though it is believed that East Ohio Gas is the only one to have adopted it thus far. One spherical tank — occupying perhaps one-fifteenth the cubic space used by an old-fashioned gas tank with atmospheric pressure—will hold about 40 times as much gas, so that the new method is very economical of space (in the ratio of 1 to 600). However, since the gas has to be kept at a temperature well under 200 degrees below zero, this requires special equipment and several feet of cork insulation. The tanks represented research work carried on for some years by Hope Natural Gas, another subsidiary of Consolidated.

It is, of course, difficult to estimate the potential loss to Consolidated as a result of the explosion. If the investigation indicates any negligence, East Ohio Gas may well be subject to claims for damages and for loss of life amounting to millions of dollars, plus its own estimated loss of $4,000,000. But the system as a whole is very strong in cash. The Consolidated report for 1943 did not include a parent company balance sheet or figures for the individual subsidiaries, but the Consolidated balance sheet revealed cash of over $31,000,000, and about the same amount of net current assets (in addition to some cash assets held as a special reserve). While it is understood that no special insurance was carried by East Ohio, the parent company, with its negligible long-term debt and sound cash position, should have no difficulty in making good any claims and losses, particularly as their settlement may be spread over a period of years.

The company's own loss, estimated at $4,000,000, may be largely offset by system excess profits tax savings. A pro forma estimated income statement for the year ended 1943 showed system Federal income taxes of $7,475,000, and it is probable that the 1944 figure would be larger. Loss and damage claims against the company, which might not be fully determined and paid until 1945 or later, might well be chargeable against operations of future years for tax purposes.

The accident will probably delay adoption of the use of liquified gas containers by the industry. So far as the effects on Consolidated Natural Gas are concerned, earnings for 1944 should not be greatly affected due to the tax factor, and the balance sheet position appears so strong that the company should weather the disaster without serious difficulties.

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French Assets Frozen In United States To Be Released To de Gaulle Government

It was authoritatively stated in Washington, on Oct. 24, that the recognition of the regime of General Charles de Gaulle as the de facto government of France, will give that regime access to an estimated $1,000,000,000 of gold and dollar assets "frozen" in this country. Indicating this in a special dispatch from Washington, Oct. 24, the New York "Times" also had the following to say:

Access to the gold and liquid dollar assets of the old French Government and Bank of France will be accorded through a general license that is expected to be issued by the Treasury to the de facto French Government.

From other sources it was learned that while France also will now become a party to a master Lend-Lease Agreement like those to which our other Allies are parties, the situation of the French vis-a-viz lend-lease aid will not be changed materially since they have been receiving such aid under interim arrangements. Some cash transactions, one of them involving purchase of American locomotives, have already been arranged.

Although there seems to be no material obstacles to the de Gaulle government getting early access to the liquid French assets here, it is probable, according to Treasury officials, that the Foreign Fund Control's "freeze" of the assets of French nationals in this country, estimated at around $400,000,000 in value, will not be immediately thawed.

It is stated that the de Gaulle government probably would not want a relaxation of the Treasury's controls at this time since many questions of duress by Nazi interests are involved in claims now outstanding against the assets of French nationals frozen in the United States.

The present intention is to retain the "freeze" on these assets until such time as it is possible to untangle the maze of title and personal identities involved.

Acting Secretary of State Edward R. Stettininus, Jr., told his news conference today that the question of releasing the French funds was under study and that it could be considered as under study whether or not the French have applied for access to these assets.

Although announcements in Brussels have indicated that the Belgian Central Bank's claim for $228,294,283 against the Bank of France has been settled, or is in the process of settlement, there is still a lien against the American-controlled French assets for that amount in the name of the Belgian Bank arising out of a Supreme Court decision in its favor.

In addition to the approximately $1,000,000,000 of French Government liquid assets frozen here, and the estimated $400,000,000 of French nationals' assets, there is said to be about $300,000,000 of French gold at Martinique.

Mr. Stettinius said, in answering questions at his news conference, that plans for recognition of the de Gaulle government were well advanced before Gov. Thomas E. Dewey denounced the Administration for failing to take that step.

Mr. Stettinius said that France would take her place in the Council of the projected international security organization in due course, but it was too early to know whether she would be brought into the Big Four security conversations before the general meeting of the United Nations on the subject, which is expected to be held during the winter.

Stoker For Post-War

Standard Stoker Co. common stock offers attractive post-war possibilities, according to a new memorandum issued by Otis & Co., Terminal Tower, Cleveland, Ohio. Copies of this memorandum may be had from the firm upon request.

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Tomorrow's Markets Walter Whyte Says—

Current market reaction should meet support, 145-146 level. Subsequent rally will be important to watch. Political news apparently affecting price movement.

By WALTER WHYTE

Volume has meant little in recent markets. For one reason, there hasn't been much volume in either direction to cause any unusual comment. Occasionally we have seen a million or so share days. But a daily sales volume of approximately 750,000 was the customary thing.

* * *

Last Monday volume suddenly increased. To make this increase significant, it was practically all on the downside. What caused this is of course pure guesswork. Some will tell you it is the now apparent trend away from Dewey to Roosevelt. Others will tell you still other things. But reasons at this stage of the market picture are hardly important. Results, present and possible future ones, are what count.

* * *

In the past two weeks this column has been calling for a reaction. There was no deep secret about it. Stocks had bounced up against offerings and backed away. Under usual conditions, if issues rally to previous high levels and fail to penetrate, a decline occurs more often than not. Every now and then the market manages to go through such offerings and break out into clear territory. But seldom does this occur without an accompanying step-up in volume. We know that no such volume increase occurred. On the contrary, when sales increased it was on the side of decline rather than on the side of rally. This, too, has a good stock market reason.

* * *

When markets show inability or lack of desire to penetrate previous highs, the

(Continued on page 1819)

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"Our Reporter On Governments"

By JOHN T. CHIPPENDALE JR.

The Government bond market in the past week was a comparatively quiet affair, although the partially exempt issues again gave ground on light volume. . . . The recession in the exempt obligations followed the statement last Thursday by Roy Blough, Director of the Treasury Department Tax Research Division, that the studies by the Treasury Department and Congressional tax groups on post-war corporation taxation and simplification have developed the possibility of applying a single corporation tax rate and a single "net income" basis for taxation. . . . The Treasury spokesman indicated that applying a single "net income" basis for taxation might mean some change in the tax treatment of partially exempt securities. . . . Also, Mr. Blough noted that no plan thus far observed calls for the retention of the wartime excess profits tax in our permanent peacetime tax structure. . . .

NO NEWS TO MARKET

It was pointed out that there appears to be very little in the remarks of the Treasury official that has not already been pretty well taken into consideration by present holders, as well as prospective purchasers, of the partially exempt securities. . . .

Barring the complete elimination of corporation income taxes or the deletion of the normal tax exemption feature from these obligations, neither of which is expected to take place, present prices of the exempt issues seem to have pretty well discounted other contemplated tax changes. . . .

Nevertheless, every time proposed revisions in taxes are talked about, the partially exempt securities are subjected to price changes, although recently these fluctuations have been rather narrow. . . . It is reported that the market undertone for these issues is showing considerable strength, and it was stated that during the early part of this week practically all of the securities that were in for sale last week had been placed by dealers and taken out of the market. . . . It is evident that many institutions are looking for an opportunity to pick up the partially tax-exempt issues at attractive prices, and it is during these periods of price irregularities, such as took place last week, that they are able to get them. . . .

- **Reports are prevalent that certain institutions are waiting for the Sixth War Loan to come along, with the idea in mind that if there is selling in the partially exempts, and they are depressed in price, they may be able to get these issues at real bargain levels. . . .**

EARLY "CALLS" DEPRESSED

Selling during the past week took place in the shorter term partially exempt securities with some of the sharpest declines being registered in the issues that are callable in 1946. . . . These securities that become callable in 1946 all have high coupons and, irrespective of tax conditions, there is no doubt but that they will be retired at the call date, the longest of which runs only to June 15, 1946. . . . Accordingly, it was pointed out again, that there are good possibilities that there will not be any major tax changes before these bonds are retired, and institutions that desire short-term tax-exemption may find these issues attractive for such purposes at presently prevailing prices. . . .

SIXTH LOAN DETAILS

Secretary of the Treasury Henry Morgenthau last Sunday announced the details of the marketable issues that are to be offered in the Sixth War Loan Drive as well as the conditions under which the commercial banks can purchase the 2½% bonds due 1966/71 and the 2% bonds due 1952/54. . . . With reference to the 2½% and 2% bonds, the Treasury indicated that commercial banks may purchase these issues directly during the drive to the extent of 10% of their savings accounts, or $500,000, whichever is the smaller amount. . . . During the Fifth War Loan, commercial banks were allowed to purchase the 2½% and 2% bonds in an amount equal to 20% of savings accounts, or $400,000, whichever was less. . . .

The terms offered the commercial banks for participation directly in the coming drive, with respect to their savings deposits, is a change from that given them in the previous drive, although at this time certain points have not been fully clarified. . . .

One of the questions is whether subscriptions for the 2½% and 2% bonds up to 10% of savings accounts, or $500,000, whichever is less, is cumulative as it was in the Fifth War Loan; and

(Continued on page 1824)

Railroad Securities

The securities of Illinois Central have been attracting considerable new buying interest in recent weeks, a large part of it being of a long-term semi-investment nature. Rather belatedly investors are beginning to recognize the vast strides the management has made in putting its financial house in order, the further progress to which it is definitely committed, and the favorable traffic and earnings prospects of the road for some time to come.

In its initial stages there was some disappointment over the management's financial policy, in that it was aimed first at eliminating the RFC debt, which had to be paid at par, when a more rapid reduction in charges would have been possible through concentrating on the purchase in the open market of bonds selling at substantial discounts. Actually, the program of the management was by far the soundest way to meet the problem in view of the unduly heavy collateral pledged to secure the RFC loans. It would have compromised the position of all Illinois Central security holders to let the loan, with its onerous collateral provisions, remain outstanding. Nevertheless, the stress placed in clearing up the RFC obligation did tend for a time to obscure the really outstanding progress that was being made in the overall reduction in outstanding debt and charges.

Complete details as to bond purchases by the company so far in 1944 are not available but it is evident that since the beginning of the war boom the company has reduced its non-equipment debt by between 21% and 25%. There are very few of the solvent roads that have been able to retire a similar proportion. In the process of reducing debt it was announced by the management that by the middle of last May fixed charges had been cut to around $12,000,000. There is little question but that a further reduction has been accomplished in the interim since May, perhaps by now to as low as an annual level of around $11,500,000. The ultimate goal of the management, before consideration will be given to dividends on the stocks, is $10,000,000. This is well within the realm of possibility before the company's participation in the war boom is ended.

Even if no further debt retirement were to be accomplished the road would appear well able to support its charges under normal business cycles. Charges of $11,500,000 would absorb only 10.3% of average gross in the 1936-1940 period, which period appears as a conservative post-war expectancy. In only two years of the depression decade did the road fail to carry more than 14% of gross through to net operating income before Federal income taxes. In one of those years, 1931, it carried 10.1% through and in the other, 1935, it carried 6.9% through. The latter year was distorted, however, by extraordinary maintenance charges applicable to operations in other years. It appears safe to say that on the basis of its past operating record the road should be well able to support its present debt even if no real boom is coming in post-war years.

Aside from the conservative ratio of charges to normal operating results of the road, the company is believed to face a further period of war swollen traffic even when the European phase of the war is over. The road is a principal north-south carrier, with lines extending from Chicago to the Gulf of Mexico. Needs for a stepped up war in the Pacific can not be met entirely by the facilities of the transcontinental carriers or the port facilities of the West Coast. A substantial proportion of the war goods going to the Pacific theater will unquestionably move via the Panama Canal through Gulf ports. On this basis Illinois Central should continue to operate at capacity. Under such conditions it should be able to continue earning between $16,000,000 and $18,000,000 net after charges and taxes. It should require only another $30,000,000 or $35,000,000 of debt retirement to reach the management goal of $10,000,000 annual fixed charges. Illinois Central apparently will not be too long in joining that group of carriers which will emerge from the war boom no longer stigmatized as "marginal."

Enos Curtin Named Blair Co. Vice-Pres.

Blair & Co., Inc., 44 Wall Street, New York City, announces that Enos Curtin has joined the organization and has been elected a Vice-President of the corporation.

Mr. Curtin has just been released from active duty, having completed two and one-half years of service with the Army of the United States, in which he held the rank of Lieutenant-Colonel. During this period he had two years of staff duty in Eugland, Africa and Italy.

Prior to his Army service, Mr. Curtin was associated with Hemphill, Noyes & Co.

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Morgan Stanley Offers $100,000,000 Amer. Tobacco Co. Bonds

A nation-wide group of 148 investing banking firms, headed by Morgan Stanley & Co., is offering publicly today $100,000,000 American Tobacco Co. 25-year 3% debentures at 101% and accrued interest. This is a 2.94% yield to maturity. A cumulative sinking fund, commencing in 1945, is calculated to retire the full amount of the issue by maturity, so that the average life of the issue will be about 15 years. Other principal underwriters are: Smith, Barney & Co.; The First Boston Corp.; Mellon Securities Corp.; Harriman Ripley & Co., Inc.; Blyth & Co., Inc.; Kidder, Peabody & Co.; Lehman Brothers; Goldman, Sachs & Co.; Union Securities Corp.; F. S. Moseley & Co.; Lazard Freres & Co.; Lee Higginson Corp.; Drexel & Co.; Stone & Webster and Blodget, Inc.; and White, Weld & Co. In addition to the 148 underwriters there will be a selling group of over 400 investment houses.

The proceeds of the new debentures will give the company working capital to finance the purchase of projected larger inventories of leaf tobacco. American Tobacco has more than doubled its sale of cigarettes for domestic consumption during the last five years. This compares with a 57% increase in cigarette consumption in the United States in the same period. Sales of Lucky Strike cigarettes alone now exceed the sales of all brands of cigarettes by any one American competitor.

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OUR REPORTER'S REPORT

These are times of feast or famine for the underwriting bankers. And just now the feast is getting to be a little bit more than the industry's digestion will handle readily.

At the moment there are some among them who would welcome a breathing spell, feeling that the general situation would profit if the market were given a bit more opportunity to absorb the heavy flow of new offerings which have been brought out in the last fortnight.

But, whatever the feeling in various circles, the market's resting spell still looks to be a fortnight away for the calendar is still bulging with business which is scheduled to go through in advance of the Sixth War Loan Drive, which opens on November 20.

Ordinarily the investment banking firms would undoubtedly welcome even a greater flow of business. But for months now they have been feeling the effects of the manpower shortage quite as much as other lines.

And the enormous volume of new financing which has been going through has been taxing the abbreviated working staffs physically, since the actual sale constitutes but a minor part of the work involved.

The real labor comes before a deal is secured and then again after the subscription books are closed and the vast amount of clerical work involved in delivering the securities is undertaken.

321 Millions Still Ahead

Including the American Tobacco Co.'s $100,000,000 of 3% debentures, due out today, there is a prospective aggregate of some $322,000,000 of new securities remaining to be marketed between now and Nov. 13 next.

Next Monday bids are due for $37,000,000 of first mortgage bonds, and 125,000 shares of cumulative preferred stock of Metropolitan Edison Co., also for $1,400,000 of Mobile Gas bonds and 600,000 shares of new preferred. On the same day bankers are slated to offer publicly a total of $44,400,000 of bonds and serial notes of Koppers Co., plus 150,000 shares of preferred stock and 200,000 shares of common.

On Tuesday bids are due on $13,000,000 of bonds of the California & Oregon Railroad and Navigation Co., and also for $16,981,000 bonds of Potomac Edison Co. and, on Wednesday, Nov. 1, the Chicago, Burlington & Quincy Railroad will open bids for $40,000,000 of new mortgage bonds.

Short Breathing Spell Due

Then the banking fraternity will probably get the brief breathing spell which some of its members would appreciate at the moment.

But in between that time and the start of the Sixth War Loan Drive for the Treasury, the underwriters are to have at least another busy day, judging by the calendar. For on Nov. 13 two large public utility issues are scheduled to come up for bids unless something happens meanwhile to upset present plans.

On that date, the Houston Light & Power Co. will market, via competitive bidding, $30,000,000 of new mortgage bonds. And the Central New York Power Corp. is slated to open bids on its projected refinancing involving $48,000,000 in new securities.

American Tobacco 3s

Bankers were expecting a good response to today's public offering of $100,000,000 of 25-year 3% debentures being offered for the American Tobacco Co.

This represents a new money undertaking and naturally differs in that respect from most of the new issues which have been handled recently. Priced at 104 the debentures offer an indicated current yield of around 2.87%.

Proceeds will be applied by the company to liquidation of short-term loans arranged with banks, and the balance will be added to working capital and applied to replenishment of tobacco inventories.

U. S. Potash Sale

The gradual transfer of closely-held securities to public ownership goes along what with heavy taxation among other things, making for and perhaps speeding the trend.

Yesterday a large block of 50,000 shares of U. S. Potash Co. common stock, owned by Borax Consolidated, Ltd., was offered publicly. Accordingly the deal did not involve new financing and the proceeds went to the corporation as beneficial owner.

Real Estate Securities

By JOHN WEST

The Future Of Real Estate Bonds

Current prices of real estate bonds, compared with prices two years ago, are so much higher that investors may very well hesitate and wonder if perhaps the peak had been reached.

The writer definitely feels that despite the increased prices, circumstances are such that even at current levels real estate bonds are still reasonably priced and that there should still be the possibility of enhancement. He feels that post-war real estate should continue to do well.

Sharp increases in commercial building rents has been possible because the demand for space has been greater than the supply. Were it not for OPA ceilings, there is no question but that for the same reason higher rentals would also be obtainable in hotel and apartment houses. Even without increases, 100% occupancy has substantially improved earnings of this type of real estate. Pre-war, it was not uncommon for many hotels to operate on a 40% vacancy basis and apartment houses on a 15% vacancy basis.

This lack of space might be cleared up post-war by new construction. Plans have already been filed for many new buildings. In order to ascertain the threat of this new construction to existing buildings, the writer has discussed this situation with prominent builders. From these discussions the writer has concluded that this threat is not as great as may appear on the surface.

The expert opinion was that (1) new building construction costs would be at least 30% higher than costs pre-war; (2) that because of new zoning laws, set-backs required would be such that new buildings would have to have much greater ground area in order to have as much space to lease as present buildings now have. The increased construction costs, plus the cost of additional land, would mean that the new buildings would have difficulty in competing with the rents of present buildings. Add to this the high funded debt of this newer construction, compared to the reduced debt of present buildings with bond issues, and you indeed have a rosy future for real estate bond issues.

A couple of striking examples of older buildings being able to compete with newer buildings are:

61 Broadway—just reorganized with bond issue reduced to $3,961,000, selling at a 30% discount, including stock representing an equal share in 97½% of the ownership of the property. This places a value on the property of only $2,772,700, compared with an appraisal of the property of $16,079,736 in 1925 and funded debt in that year of $12,500,000. (The property actually sold in 1925 for $14,000,000.)

Park Central Hotel—(870 7th Avenue 4½s). Bonds are currently selling at a discount of 38%. Bond issue, $4,055,000; prior mortgage, $1,100,000. Bonds carry stock representing two-thirds the ownership of the property. At current market of bonds, a value of only $3,614,000 is placed for this property, compared to original funded debt of $10,878,103.

Wachob Bender Has Thirtieth Anniversary

OMAHA, NEB.—Wachob-Bender Corporation, investment bankers, 212 South 17th Street, is this year celebrating the 30th anniversary of its formation. In connection with the anniversary, the firm has issued a most attractive illustrated brochure.

Post-War Prospects

Nachman Corporation offers interesting post-war prospects, according to a memorandum on the situation prepared by Hicks & Price, Continental Illinois Bank Building, Chicago, Ill., members of the New York and Chicago Stock Exchange. Copies of this memorandum and additional information on Nachman may be had from Hicks & Price upon request.

Small Business Equity Securities And The 5% Rule

(Continued from page 1795)

bankers' or underwriters' compensation was 16.1%. For concerns having assets of $1,000,000 or less, the underwriting cost or distributors' compensation was 19.7% of the proceeds of the flotation. This compares with a 3.4% average cost on similar issues of companies possessing assets above $100,000,000, as reported by the SEC in 1941.

The SEC makes no comments as to whether these security distribution costs are justified, or whether the bankers or dealers demanded excessive margins for themselves or made unreasonable profits. There is no mention of a preconceived standard compensation or a maximum spread.

Perhaps it will be eventually recognized that this is not a matter of policy or the application of a theory. Gross profit margins are not stable or predetermined. They are bound to vary with the times and the prevailing conditions. They are determined in the minds of dealers on the basis of experience, foresight, and risk. Each individual transaction is a case unto itself.

Undoubtedly small business, in competition with large undertakings, undergoes disadvantages and handicaps in obtaining capital through the regular channels of investment. They must pay to overcome these disadvantages. It is the dealers in local and inactive securities that perform the important service for them in the flotation and marketing of their securities and, notwithstanding the higher charges imposed for these services, they are, in many cases, indispensable in the process of obtaining capital from the public and in giving small business access to the capital markets. In this way, security dealers and bankers have benefited small business concerns that desire to grow and to maintain their individual status, despite the seemingly high gross margins they may charge for their services.

To enforce a profit limitation rule on all security transactions would be to virtually destroy the open market for small security issues. The investment of "risk capital" would be largely eliminated, and private initiative, represented in this country in the main by the organization and operation of small individual enterprises, would be practically stifled. It should not be forgotten that the investment of venture capital originates mainly with small scale undertakings.

Pioneering is not usually conducted on a large scale with heavy capital outlays. Individual enterprise has been and still is the mainspring of America's business expansion. But the cost of obtaining risk capital in new and small scale business ventures must necessarily be higher than in the case of large scale, well financed and proven profit-making enterprises. It is not only reasonable, but axiomatic, therefore, that underwriters, dealers and others who assume a part of the risk in obtaining venture capital for productive purposes should demand and receive a greater gross margin of compensation than when they underwrite, buy or sell large issues of seasoned and well distributed securities.

Accordingly, any fixing of a maximum gross profit margin is illogical and indefensible. It would be highly destructive to our free enterprise system, which the Administration's publicists and spokesmen in their utterances "so highly cherish," but which, to an unusual degree, they seem to seek to destroy by their actions.

THE SEC SHOULD TAKE THE CUE—IT SHOULD END THE THREAT OF THE 5% RULE.

NY Bank Stocks Compared

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared a detailed comparison and analysis of New York City Bank Stocks as of Sept. 30, 1944, copies of which may be had from the firm upon request.

Interesting Air Situations

Mid-Continent Airlines and National Airlines offer attractive possibilities, according to circulars just issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting releases may be had from the firm upon request.

The Branch Banking Controversy

(Continued from page 1794)

this war won't be enough. The goal of the C. E. D. is from seven to ten million more jobs than in 1940, or 53 to 56 million employed persons in the United States. This non-profit, non-political, independent organization of business men, financed entirely by contributions of a limited size from individual businesses, has more than 2,000 autonomous community committees dedicated to the task of stimulating and assisting business men on America's Main Street to solve the many problems that are bound to arise. The decentralization of the C. E. D. is proof of the need for dealing with post-war employment in each community as a local problem.

Of the approximately 2,000,000 business employers in the United States, only 3,200 employ more than 1,000 workers, and only 35,000 employ between 100 and 999 each. The balance (which is almost the 2,000,000!) employ less than 100 persons in each of their plants. Business in this country is still primarily little business.

Small business—with less than 100 workers — accounts for approximately 45% of the total business employment. Hence, as the C. E. D. has pointed out, post-war employment must be a "grass-roots movement."

Tens—even hundreds of thousands—of our men in the service and our men and women in war industries — are learning new skills. A reported survey recently made by an Army Colonel of the men in his regiment revealed that 34% of the soldiers want to go into business for themselves when they return home to America's Main Street. Certainly a high percentage of them hope for such an opportunity.

The development and expansion of little business should be a major post-war phenomenon. The opportunity for the little business man to serve his community after V-day lies in the fact that there is a great need for goods and services unavailable during the war and that billions of dollars of purchasing power are in the possession of persons along the entire length of America's Main Street with which to satisfy those needs.

Just as our forefathers were pioneers in a former day, these small business men will be pioneers on a new frontier in the post-war business world. Not only should they provide millions of persons with their livelihood, but they will furnish the seed-bed for a healthy and dynamic system of free competitive economy.

The small business men must be able to plan the future with confidence. In every community in our country they are going to need the understanding, assistance, and full cooperation of bankers who know them and their problems. If they are to succeed on a permanent basis their financing must come from the "grass roots" up, rather than from some government bank or agency, or through a branch bank of a parent institution located in some distant, large financial center. "Absentee banking" can never meet the needs of post-war small business.

One authority has pointed out that the principle of branch banking is "out of harmony with the traditional American principle of local autonomy under which our vast national resources have been developed." It was the independent unit bank that marched westward with the pioneer frontiersmen, hand in hand, as they opened and developed our country to the Pacific Coast. It was the independent unit bank that financed the hundreds of thousands of businesses on Main Street in every American community, thereby developing the skills and resources of our people.

Such a bank is controlled by a local board of directors who have detailed and personal knowledge of the character, capacity, resources, skills, and aspirations of every patron. It is not bound by inflexible rules, formulas and regulations of a dictatorial parental authority, maybe hundreds or even thousands of miles away.

The independent unit bank is an object of community pride. Its own success depends upon the success of the business men in the community it is privileged to serve. Here is the fundamental difference between unit and branch banking. The one is a local organization, owned and controlled by the people in the community. The other is managed by an agent or employee of an "absentee" institution. He has little or no discretion but must follow the orders, often rigid and inflexible, of his absent superiors. It is but logical that his branch bank can never become an inherent part of the community in the manner of the unit bank. As a natural consequence, his branch bank cannot make a character loan, although character is often the only asset a young man may have to offer. Certainly it will be the most important security that tens of thousands of our servicemen will have to offer when they seek the funds necessary to establish the businesses they hope to own after V-Day.

A young serviceman or a worker in a war industry seeking to capitalize his newly acquired skill in order that he may serve his home community to a maximum advantage, will always receive a warm, sympathetic welcome at his home bank. On the other hand, the branch bank of an "absentee" parental institution has to look to a non-resident board of directors, perhaps many miles away, for authority to act. How can such a group of men appreciate the true merits of the situation? They do not know the applicant for funds. He is too far away for them to give him much serious consideration. Furthermore, since his demands are not large "we'll be safe and very little harm will result if we deny him the funds he seeks. Instead, we had better keep our funds loaned to industries near the parent organization. We know these business men. We have a detailed financial analysis of each one of them. We cannot afford to make character loans to individuals and organizations personally unknown to us in small, distant communities. It just isn't good business."

Not much hope in that type of banking policy for the serviceman after V-Day.

Now the branch banks hasten to deny such an allegation. They point out that often a local advisory committee is appointed to assist the manager of the branch bank in recommending the action to be made by the parent bank on applications for funds. But that intimate, personal contact, that intangible feeling of pride, the capitalization of skills and character, are absent. The heart of banking is gone!

The branch banker denies that industries will be centralized in regions near the parent banks. At the same time he points to the Canadian system of branch banking as a justification for all his claims. Speaking in New York City before the Society for Stability in Money and Banking on Dec. 18, 1936, the author pointed out that

> ". . . according to the Canada Year Book for 1933, page 408, we find that 72% of the number of business establishments in Canada are located in Quebec and Ontario—the two provinces in which the parent banks are located. 79.5% of the capital and businesses in Canada, 80.8% of the employees, 80% of wages and salaries, and 80% of the gross value of products are concentrated in Quebec and Ontario. 63.24% of the national wealth of Canada (exclusive of undeveloped natural resources) are also in these two provinces.
>
> "If we had a system of branch banking comparable to that in Canada it is difficult to believe that we would have the thousands of factories and businesses located in all parts of this country as at present."

Hence if the Canadian experience means anything, it is that the small business man on America's Main Street must look to his local independent unit bank for the financial assistance he needs. Nor will he be disappointed! For together they can develop each community to the end that it will be making its maximum contribution to full employment, a higher standard of living — a better America.

Decentralization of business will mean much to the stability of American business. Not only the Government but business men are vitally interested in its merits. Sub-contracting has come into its own during this war. It will be continued after V-Day in thousands of ways never dreamed of before. Its success is inseparably interlinked with independent unit banking.

Advocates of branch banking point to its many alleged advantages over the independent unit bank. For one thing they contend that it would be in line with the experience of all the important countries of the world, including France, Germany, England and Canada. In an address before the Independent Bankers Association of Southern California, Jan. 27, 1944, William J. Bryan, Vice-President of the Third National Bank of Nashville, stated:

> "For evidence that free enterprise, as we know it in this country, cannot exist without an independent banking system, we need only to turn to the countries where branch banking has become predominant. Branch bankers are rarely content with monopolizing their own field and the concentration of the banking resources into a few branch banks has led to the formation of huge cartels which monopolize the principal industries. Since the cartels were owned or controlled by the banks, Hitler had only to take over the few banks in Germany to gain undisputed control of its industry and business. Branch banking likewise made easier Mussolini's assumption of dictatorial powers in Italy. Nor can we overlook the plight of our friends in England and Canada, for the concentration of banking in those countries has gone so far that there is public agitation for the nationalization of the banks. The head of a Canadian bank just recently expressed official concern over this possibility.
>
> "Let us contrast the situation in those countries with that in ours. Here we have almost 15,000 banks, which means there are probably between a half-million and a million bank officers, employees, directors and stockholders who are vitally interested in our banks. Since these are among the most influential people in the country, it would be a rather difficult task to nationalize all these banks But let them become concentrated into a few giant branch-banking systems, and who can doubt that it would be just a matter of time until it would become necessary for the Government to take them over, either to save them from failure or at the demand of an outraged public that felt itself being crushed by the money trust."

Government bureaucrats need do only two things to destroy our system of free private enterprise—nationalize our banks and railroads. After that they could take over any and every other industry at their will. Only the shadow of free enterprise would remain. Efforts to consolidate the railroads into a limted number of systems failed, owing to the inherent weaknesses of the arguments presented. Advocates of Government ownership of the railroads have dwindled to a mere handful in the face of the magnificent performance of our railroads during the present war. But the advocates of branch banking continue to ignore the fact that such a system would be an inevitable step toward a collectivist economy.

The branch banker views the thousands of bank failures in the United States in the years since 1920 as proof of a fundamental weakness in our banking system. It is his contention that this weakness can be overcome only by the elimination of the independent unit bank, with its relatively small resources and its alleged inefficient management and its almost complete dependency on local conditions, and the substitution therefor of a system of branch banking over at least the area of a Federal Reserve district.

It is argued that branch banking would give communities now served by independent unit banks a superior banking service unattended by the dangers which face the small unit bank, due to the following reasons:

(1) Greater safety would be insured to the public because of the strength of the resources of the parent bank and the training and experience of its managing personnel. This ignores the fact that the branch bank in a given community has *no financial resources of its own* and that the community so served is at the mercy of a parental organization probably many miles away.

(2) Branch banking would make more accessible the banking resources and banking facilities of this country by opening up branches in convenient locations where, perhaps, at the present time, according to the argument, it does not pay an independent unit bank to function. In the address in New York City, the author stated:

> "Not only is there little reason to believe that a branch bank can operate at less expense, but experience verifies the fact that branch banks are likely to be closed if the return does not justify their existence. In Canada the number of branches in 1920 was 4,676; in 1929, it was 4,069; but in 1935 the number had been reduced to 3,065. According to the re-

(Continued on page 1812)

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number fifty-nine of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

When Johnny and Jane Come Marching Home!

From our company, Schenley Distillers Corporation, and its several affiliates, about fifteen hundred employees have gone to war. When they come back to resume their normal peacetime activities, we, like other American businesses, will provide them with re employment. Of course, we are obligated to employ them for a year after their return. But, as we see it, there are a lot of "humanics" in this business. So we have set up some very interesting self imposed rules and regulations about our conduct towards those who assist us in conducting our business.

In doing so, we are taking what we believe is a forward step. War unquestionably does something to those who participate in it. This "something" is frequently—for better or for worse. We are going to do everything humanly possible to help the men—yes, and women too—who have left us temporarily for the more important job of winning this war, to adjust themselves properly to civilian pursuits when they return. We are going to be very careful in finding the right jobs for them in our various organizations—where they can be happiest in their work and most efficient for themselves and for us—where they won't be "miscast."

Perhaps in the beginning, when they came to us, we weren't always too careful in placing them in the right niche. Maybe John Doe ought never to have been a salesman. Perhaps he would have done much better in the accounting department, or vice versa. Anyway, we're going to be reasonably sure about it in the future.

We don't think there is anything better that we can do to repay a debt we owe to those who have been fighting for us, than to help provide for them a fair measure of happiness and future security—after they have marched in the victory parades.

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Ohio Brevities

Dale Brown, Vice-President of the Financial Advertisers' Association and Assistant Vice-President of the National City Bank of Cleveland, is conducting an employee relations forum at the 29th annual convention of the Association, which opened yesterday at Chicago.

The theme of this year's gathering, which concludes on Sunday, is "What's Ahead?"

Another speaker will be E. S. Patterson, former Vice-President of National City, now President of the First Central Trust Co. of Akron.

Among Clevelanders attending are: Robert J. Izant, Vice-President, and H. J. Wills, head of the public relations department of Central National Bank; I. I. Sperling and H. Leonard Flynn, Vice-President of Cleveland Trust Co.; Allen C. Knowles, President of South Side Federal Savings and Loan Association; D. James Pritchard, Assistant Secretary of Society for Savings; Charles Patch, Jr., trust office of National City; Paul Hobart, copy director of R. L. Polk & Co.; L. A. Alderson of the Cleveland "Plain Dealer," and Harry B. Winsor, Vice-President of Second Federal Savings and Loan Association.

* * *

Mrs. Sunne Miller of Toledo, has asked Common Pleas Court at Cleveland to appoint appraisers to determine the true value of Cleveland Tractor Co. stock.

Earlier this month, shareholders of Cletrac approved the company's merger with Oliver Farm Equipment Co. at a special meeting. Market value at which the merger with Oliver Farm was effected was $18.

According to the petition filed last Monday, the book value was $25 and intrinsic worth over $42.50 per share.

Under merger terms Cletrac holders will receive one-third of a share of Oliver stock for each share of Cleveland Tractor surrendered. It is also reported that W. King White, President of Cletrac, will be made a director and member of the executive committee of the combined company, which is to be known as Oliver Corp.

* * *

F. H. Chapin and one other director of Cletrac will become board members of the combined company.

Oliver will deliver to Cleveland Tractor 146,659 shares of new, doubled Oliver common stock, two shares of new common for each share of present common. Oliver holders voted the doubling of the present 800,000 shares of authorized common and issuing 125,000 shares of $100 par convertible preferred stock. Nearly 84% of the outstanding Cletrac shares voted the merger.

* * *

R. V. Mitchell, President of Harris-Seybold-Potter Co., announced the company has acquired the Charles N. Stevens Co. of Chicago, dealers in printing equipment.

Harris-Seybold-Potter Co. has established a used printing and lithographic machinery division at Chicago and recently integrated sales and service staffs of the Seybold Dayton division as part of its post-war expansion program.

* * *

Gordon H. Mutersbaugh, veteran employee of Glidden Co., has been made general superintendent of the paint and varnish division, Dwight P. Joyce, Vice-President, announced.

Gurdon Hamilton, formerly in the post, will now devote all his time to his position of Vice-President in charge of Glidden's Chicago paint divisions. Nelson W. Haviland replaces Mutersbaugh as plant superintendent.

* * *

Alan G. Rude, Vice-President of Universal C. I. T. Credit Corp., has taken up new duties with the staff at the Executive Headquarters in New York City.

Rude will have charge of the division and branch office sales activities throughout the country in the company's program to expand post-war sales financing operations. John J. Tice became Vice-President in charge of the Cleveland division, succeeding Rude.

* * *

Peter Robertson, Assistant Chief Industrial Engineer for Republic Steel Corp., is now the works manager of Truscon Steel Co. Youngstown plant. He succeeds W. M. Kelley, newly appointed Assistant to the Vice-President in charge of operations of Republic. Truscon is a Republic subsidiary.

Robertson has been with Republic for ten years, spending two years at the Youngstown Truscon plant assisting in the introduction of modern production methods.

* * *

For the first time in six years, the weekly output of electricity by the Cleveland Electric Illuminating Co. for use in the Cleveland and northeastern Ohio area, fell below that of the same week of the preceding year. The decrease of power production for the seven-day period ended a week ago declined to 1,765,000 kilowatt hours, or 2.1% from the same week a year ago.

Frank J. Ryan, Assistant to the President, stated "this reversal in power production reflects lower consumption by industry. It appeares that the peak of demand for war production was passed ten months ago."

Ohio Valley IBA Group Elects Thos. Graham

The Ohio Valley Group of the Investment Bankers Association of America held a business meeting on Oct. 25 to elect officers for the ensuing year and transact any necessary business. The Executive Committee had decided to dispense with the usual elaborate annual meeting this year.

Thomas Graham

New officers of the group are: Thomas Graham, The Bankers Bond Co., Louisville, Ky., Chairman; Ewing T. Boles, The Ohio Co., Columbus, Ohio, Vice-Chairman; Chester Lucas, Stein Bros. & Boyce, Louisville, Ky., Secretary-Treasurer. Members of the Executive Committee: Robert B. McDowell, Blyth & Co., Louisville, Ky.; C. T. Diehl, Provident Savings Bank, Cincinnati, Ohio; Anthony J. Armbrust, Merrill Lynch, Pierce, Fenner & Beane, Cincinnati, Ohio, and J. Austin White, J. A. White & Co., Cincinnati. Stanley G. McKie, The Weil, Roth & Irving Co., Cincinnati, the retiring Chairman, will serve on the committee as ex-officio member.

With Wasson In Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO — C. W. Faust and William E. Shurtleff have become associated with Wasson & Co., 429 Fourth Avenue, Pittsburgh, Pa. Both in the past were with Babson's Reports.

Ohio Municipal Comment

The largest Ohio municipal issue to reach the market for some time was the City of Akron issue of $884,000 refundings, award of which was made on Oct. 23 to a syndicate on a bid of 100.978 for 1½s, making a net interest cost to the city of about 1.34%. Ohio firms participating in the award included William J. Mericka & Co.; Ball, Burge & Kraus; Seasongood & Mayer, Pohl & Co., and Browning & Co.

Aside from the successful bid, the city received several other offers, with the second best tender of 100.703 for 1½s being made by Halsey, Stuart & Co., Inc. and Associates.

The bonds are dated Nov. 1, 1944, and mature serially on Nov. 1 from 1946 to 1952, inclusive. The City of Akron, by the way, will seek approval of the voters at the November election of proposals calling for the issuance of $5,980,000 school construction and improvement bonds.

* * *

Another recent large offering was contributed by Springfield Rural School District, which accepted bids Oct. 20 on a $240,000 issue for new capital purposes. These obligations, dated Oct. 1, 1944 and maturing semi-annually from 1945 to 1966, were purchased by a group headed by Ryan, Sutherland & Co., as 1¾s, at 100.332. Associated underwriters were William J. Mericka & Co., Fox, Reusch & Co. and Walter, Woody & Heimerdinger. Only one other bid was received by the district, this being an offer of 101.21 for 2s.

The largest new municipal now in prospect consists of $656,000 Village of Wickliffe refundings for which sealed bids will be opened on Nov. 9. The bonds will be dated Dec. 15. 1944 and mature semi-annually from 1946 to 1950 inclusive.

* * *

Ohio voters will be asked to authorize bond issues involving many millions of dollars for post-war construction projects at the coming general election, the major share of which will be presented in Hamilton County. The county government, also the City of Cincinnati and its school district, contemplate improvements involving the issuance of $41,000,000 bonds. The program is endorsed by various civic groups and will have to contend with the formidable handicap imposed by State statutes which require a 65% favorable vote for approval of local bond issues.

Backers of the program are confident that it will be approved but do not minimize the fact that a small minority of 36% can thwart the wishes of an overwhelming majority of the voters.

Ohio Municipal Price Index

Date—	*	†	‡	§
Oct. 18, 1944	1.35%	1.53%	1.18%	.35%
Oct. 11	1.35	1.53	1.18	.35
Oct. 4	1.35	1.53	1.17	.36
Sep. 13	1.32	1.50	1.14	.36
Aug. 16	1.31	1.49	1.13	.36
July 12	1.31	1.48	1.15	.33
Jun. 14	1.31	1.46	1.16	.30
May 17	1.31	1.46	1.16	.30
Apr. 12	1.32	1.46	1.17	.29
Mar. 15	1.34	1.50	1.19	.31
Feb. 16	1.37	1.53	1.21	.32
Jan. 19	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Nov. 17	1.39	1.57	1.22	.35
Oct. 13	1.39	1.58	1.21	.37
Sep. 15	1.43	1.62	1.24	.38
Aug. 18	1.44	1.63	1.25	.38
July 15	1.50	1.63	1.32	.36
Mar. 16	1.76	1.97	1.55	.42
Jan. 1	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

Foregoing compiled by J. A. White & Co., Cincinnati.

Nation-Wide Syndicate Offers Pacific Gas Bds.

An underwriting syndicate of 167 members headed by Blyth & Co., Inc., offered Oct. 24 to the public $115,000,000 of the Pacific Gas & Electric Co.'s first and refunding mortgage 3% bonds, series L, due on June 1, 1974. The bonds were priced at 104 to yield 2.80%.

Included in the offering group are Dillon, Read & Co.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Harriman Ripley & Co., Inc.; the First Boston Corp.; Smith, Barney & Co.; Lazard Freres & Co.; Goldman, Sachs & Co.; Halsey, Stuart & Co., Inc.; Lehman Brothers; the Mellon Securities Corp.; Dean Witter & Co.; Glore, Forgan & Co.; Kidder, Peabody & Co.; Stone & Webster and Blodget, Inc., and the Union Securities Corp.

Net proceeds from the sale, together with treasury funds of the company, will be applied to redemption on Jan. 1, 1945, of all the company's $115,499,000 of outstanding first and refunding mortgage 3¾% bonds, series H, due on Dec. 1, 1961. The aggregate of the principal and redemption premium of the outstanding series H bonds is $124,161,425.

The new bonds will be redeemable, for both sinking fund and general purposes, at prices ranging from 108½ on or before June 1, 1947, to par after June 1, 1973.

The sinking fund provisions require payment semi-annually on Feb. 1 and Aug. 1 of a sum at least equal to the amount by which ½ of 1% of the aggregate funded debt on the preceding May 31 or Nov. 30 exceeds certain payments, principally for sinking funds on underlying mortgages, made in the six-month periods ended May 31 or Nov. 30.

The company's consolidated balance sheet on July 31 showed outstanding funded debt of $302,341,500, 4,197,662 shares of 6% cumulative preferred stock, 1,173,133 shares of 5½% cumulative first preferred stock, 400,000 shares of 5% cumulative first preferred stock, and 6,261,357 shares of common stock.

Operating revenues in the seven months ended on July 31 were $87,866,008; gross income, $37,964,151; interest deductions, $6,601,059, and net income, $13,212,495.

Wilbur H. Zink Forms Zink & Co. In Cleve.

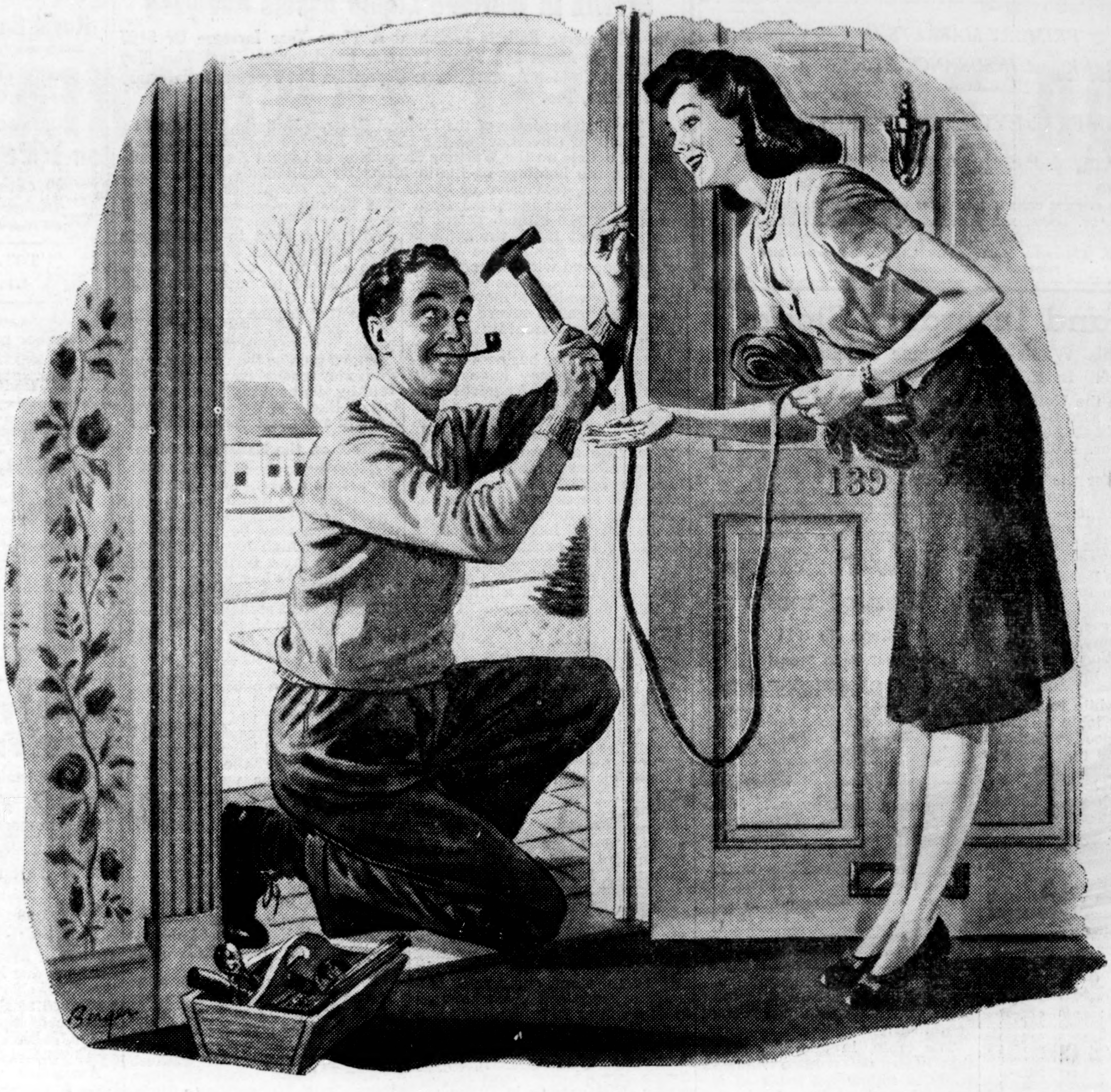
(Special to The Financial Chronicle)

CLEVELAND, OHIO — Wilbur H. Zink has formed W. H. Zink & Co. with offices in the Union Commerce Building, to engage in the securities business. Mr. Zink was formerly a partner in the firm of Perko & Zink.

Weil With Goodbody & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Julian S. Weil has joined the staff of Goodbody & Co., National City Bank Building. Mr. Weil was formerly with Merrill Lynch, Pierce, Fenner & Beane, and Sutro Bros. & Co.



How to keep a house from catching cold!

ONE WAY to keep a house from getting cold is by weatherstripping all doors and windows. Closing up the cracks that let cold in—and heat out.

There is going to be some shortage of coal delivered to homes this winter. Not because less coal is being mined. It is estimated that 29 millions more tons of bituminous coal will be mined this year than last — with fewer men. Quite a tribute to mine owners and miners alike!

There are adequate rail facilities for hauling the coal to your city. But certain grades of coal are going to be greatly in demand for war production. And your coal dealer is handicapped by a shortage of manpower, trucks and tires. So be patient with him.

Little, common-sense precautions can make your coal pile last 10% longer—and save that much on your fuel bill.

Such things as weatherstripping, cleaning the heating system, closing off unused rooms, firing carefully, and drawing your shades at night can help to keep your family snug and warm.

One of the biggest jobs of the C & O Lines is hauling coal from the mines along its routes, so we're in a position to understand the problem, and to know how essential coal is these days.

Chesapeake & Ohio Lines

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PROVIDENCE, Enterprise 7008

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Fire losses in the United States in September, according to the National Board of Fire Underwriters, amounted to $31,448,000. This compares with $26,488,000 in September 1943, and $30,618,000 in August of this year. Total losses for the first nine months of 1944 amounted to $308,824,000, compared with $271,211,000 and $231,615,000 respectively, for the first nine months of 1943 and 1942. It is evident that, although the upward "war trend" in fire losses is continuing, the rate of increase is slackening, for 1943's nine month losses were 17.1% greater than 1942's, while 1944's losses are only 13.9% greater than 1943's. It appears logical to assume that, as war production is cut back and as we gradually approach normal peacetime production, fire losses will decline to a more rational level.

It seems worthwhile to present the accompanying table in order to gain some perspective through a review of trends and changes over the past 20 years. The tabulation shows fire losses in the United States each year as reported by the National Board of Fire Underwriters; also the index of industrial production in the United States, as compiled by the Federal Reserve Board, and the annual net premium volume of a group of 30 representative stock fire insurance companies.

Year	Industrial Production (1935—39=100)	Fire Losses ($000)	Net Premiums Written ($000)
1925	90	373,501	416,190
1926	96	393,021	430,425
1927	95	320,596	422,947
1928	99	301,268	428,142
1929	110	422,215	427,160
1930	91	*463,613	390,654
1931	75	452,017	345,291
1932	58	442,143	303,646
1933	69	316,897	280,367
1934	75	275,652	301,998
1935	87	†259,160	309,082
1936	103	293,357	328,367
1937	113	284,720	362,769
1938	89	302,050	335,355
1939	109	313,499	354,807
1940	125	306,470	399,089
1941	162	322,357	456,784
1942	199	314,849	501,521
1943	239	380,235	468,474
1944	‡237	§420,000	§500,000

*High. †Low. ‡Average of eight months. §Estimate.

When examining the tabulated figures, it will be observed that, in general, fire losses rise and fall with industrial production, as might reasonably be expected. However, there are certain exceptions. For example, following the 1929 economic collapse, while industrial production rapidly declined from 110 to 58, fire losses actually increased to an average annual volume of around $450,000,000, and reached a maximum in 1930 with a total of $463,613,000. The abnormally high losses of the depression years have usually been attributed to the so-called "moral hazard," or, to use a harsher and franker word, arson. The low in losses occurred in 1935 with a total value of $259,160,000 against an industrial production index of 87. Since then, as production expanded and intensified, losses increased rather steadily, and then quite rapidly as the war production effort hastened to its peak.

It should be noted, however, that fire losses do not increase proportionally with production. For example, from 1935 to 1943 the production index moved from 87 to 239, or 174.7%, while fire losses increased only 46.7%. Industrial production and fire losses do tend to move in the same direction, however. Of course it should be recognized that the industrial production index is greatly distorted under present conditions, on account of overtime, 24-hour operating schedules, etc. Thus, the plant and equipment which is receiving fire protection today is turning out a disproportionately greater volume of goods than it would under normal conditions.

The table, in addition, shows that premium volume likewise tends to follow the index of industrial production; and this also might logically be expected. In this case, again, there is a distortion due to the steady year by year decline of the average rate of fire premiums, from $0.97 in 1925 to $0.65 in 1943, or a total decline of 33%. With regard to 1943 premium volume, the decline below 1942 was in the categories of ocean marine and motor-vehicle writings; fire premiums actually increased more than 7%.

In closing these comments on fire losses, it is of interest to refer to a table published in the October issue of Best's "Insurance News," entitled "Annual Fire-Losses by Causes." Out of 665,000 fires reported, 130,000 or 19.5% were attributed to smoking and matches. The next highest cause was "electrical," which accounted for 58,000 or 8.7%; this was followed by 50,000 or 7.5% attributed to chimneys and flues, 45,000 or 6.8% through defective or overheated heating equipment, and 44,000 or 6.6% through sparks on flammable roofs. Children with matches accounted for 23,500 fires or 3.5%. Lowest in the list are films and fireworks, each of which accounted for 500 fires.

We think it pertinent to add that fire insurance companies might truly be called "indispensable.".

Comparison & Analysis

New York City Bank Stocks

Sept. 30, 1944

Available on Request

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Growth In Wartime Liquid Assets Analyzed

Federal Reserve Bulletin Estimated A Three Year Increase Of $107 Billions, Or About 2¼ Times Pre-War Level. Notes That This May Provide A Cushion Against Severe Depression But Presents Inflationary Possibilities, Too.

The October issue of the Federal Reserve Bulletin, published by the Board of Governors of the Federal Reserve System, contains a leading article on the Wartime Expansion of Liquid Assets. Estimating that the holdings of liquid assets by individuals and business corporations, (exclusive of banks, insurance companies and similar institutions) has increased from $83.4 billions at end of 1941 to a probable $189.9 billions at end of 1944 or about 128%, the Bulletin analyzes the significance of the expansion, and without predicting the future effect, states the conditions under which it "may provide a cushion against severe depression" or "may present inflationary possibilities."

During the war business and individual incomes have been greatly in excess of current purchases, notes the Bulletin, and the difference has been largely reflected in the growth of liquid assets. The Federal Government has spent considerably more than it has received in taxes, and it has been necessary to meet the deficit by borrowing. The amount of borrowing has corresponded closely to the excess of business and individual incomes over their expenditures. Businesses and individuals have used a large part of their surplus income to purchase some of the securities that the Government has sold, and have held a part in the form of bank deposits and currency. Banks have purchased the Government securities not bought by others. Some of the surplus income has been used for the repayment of debt or has gone into insurance or pension reserves, and a small amount has been used to purchase property.

"It is necessary to distinguish between accumulation of liquid assets and current savings," the article continues. "While current savings of individuals and businesses may be held in the form of liquid assets, these assets are not a measure of savings. In times of peace current savings of individuals and business are generally represented by the net increase in residences, plant, equipment, and stocks of goods, and have amounted to as much as 10 billion dollars a year; if no allowance is made for depreciation, obsolescence, and destruction of existing capital, the figure would be considerably larger. The growth in liquid assets has seldom equaled 5 billion dollars a year. In wartime, however, the opportunities for direct investment of savings by either individuals or businesses in new construction or for the purchase of goods are sharply limited. As a result there has been little saving in this form by individuals and businesses. They have had, however, an excess of current incomes over their current expenditures and have accumulated liquid assets in the form of cash and Government securities. These assets do not represent new capital formation; they are the result of borrowing by the Government from banks and from the public in order to finance war expenditures.

"The existence of such a large volume of readily available funds," it is pointed out, "raises important questions as to their possible significance in the peacetime economy. They provide a cushion against severe depression and also may present inflationary possibilities. If wartime liquidity and savings habits should continue, however, new investment outlets will be needed in order to utilize such a large amount of current savings and maintain economic activity at a high level.

It is not to be expected that the total volume of accumulated liquid assets will show any substantial decline in the first few years after the war. There will be shifts in their ownership and possibly in their composition as individual persons and businesses spend or invest their holdings, but they will continue to exist in other hands or in other forms. Since the wartime expansion of liquid assets has resulted primarily from the growth in Government debt, a substantial decline in the total can come about only as a result of the paying off of Government debt in amounts greater than any increase that may occur in private debt held by the banking system. This is not likely to occur on a large scale in any short period of time."

Effect on the Banking System

Referring to the effect on banks, the article states: "For banks the expansion of liquid assets has meant increased assets and liabilities, which may be expected to continue at high levels and possibly even grow further. Should individuals and businesses wish to liquidate some of their holdings of Government securities in order to spend the proceeds, these may be sold to other nonbank investors or they may be sold to banks. In the former case, assuming no other changes in public or private debt, there would be no change in the composition of liquid holdings in the aggregate, although ownership would have shifted. If banks purchase the securities, bank deposits, as well as bank holdings of Government securities, would increase. It is even possible that some individuals would wish to convert a portion of their large holdings of currency and deposits into Government securities and would buy them from banks, in which case bank deposits would decline, although the aggregate liquid asset holdings of businesses and individuals would show no change.

"Banking developments after the war will depend to a greater extent than in the war period on the demand for private credit. Although some concerns may be out of the borrowing market because of large liquid asset holdings, others will be seeking funds. There will undoubtedly be some new and rapidly growing firms that will be potential borrowers from banks. Extension of such loans will depend in part upon the willingness and ability of the banking system to make advances to more dynamic and rapidly growing firms whose credit has not yet been established. New credit standards may be needed in the post-war era.

"Consumer borrowings, which in the past have been a sizeable element directly or indirectly in the volume of bank credit extended, may increase again notwithstanding the large consumer holdings of liquid assets. Individuals may seek credit for their post-war purchases even though holding large savings.

"Although the total volume of bank credit may expand in the post-war period, there is a likelihood that the expansion will be smaller relative to the general level of incomes and business activity than was true in the pre-war period. In retrospect it now appears that the large growth in liquid assets in the previous war meant that, although banks grew after the war, the demands on them for the types of credit previously customary were relatively not as great as they had been prior to that war. It was then that bank holdings of securities and security loans began to increase so rapidly. Changes in bank loans and investments over the past three decades are shown in the chart.

"If businesses and individuals should liquidate holdings of Government securities in order to provide funds for current use, banks may be called upon to purchase these securities. In this event there would be a conversion of United States Government securities held by individuals and business concerns to cash forms—currency and demand deposits. This would result in a growth of bank holdings of Government securities. In other words, part of the financing of consumers and of businesses by banks after the war may take the indirect form of bank purchases of Government securities from the public rather than the direct form of bank loans and purchase of corporate securities."

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Incorporated by Royal Charter 1727

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LONDON OFFICES:
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8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£115,681,681

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital____£4,000,000
Paid-Up Capital______£2,000,000
Reserve Fund________£2,200,000

The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Tubize Rayon Pfd. Offered Publicly

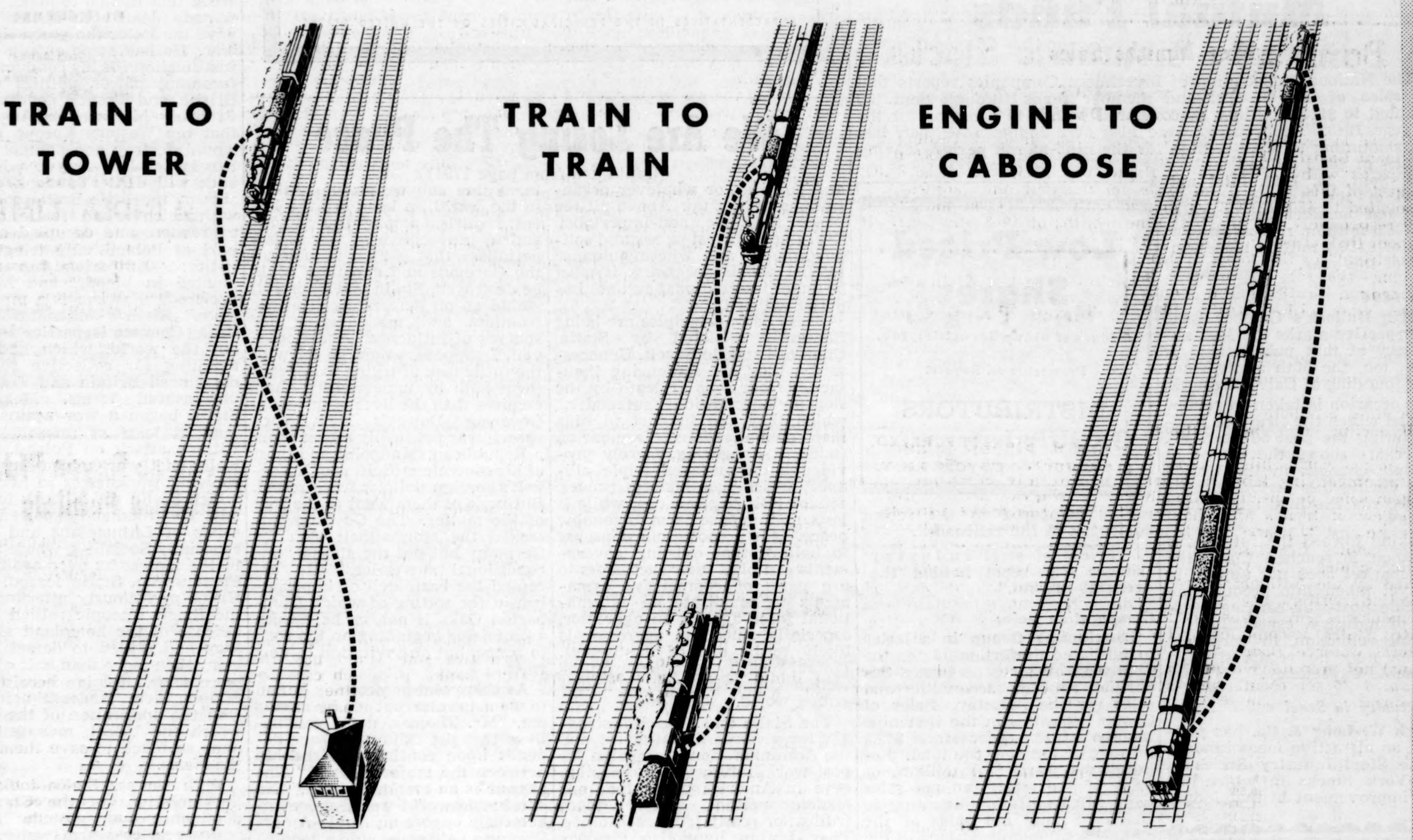
An investment banking group headed by Kidder, Peabody & Co. and Union Securities Corp., as joint managers, offered for public sale Oct. 24 70,000 shares of 4¾% ($100 par) preferred stock of Tubize Rayon Corp. at $103 a share.

Of the net proceeds from the sale, $4,553,075 will be used by the corporation to redeem $2,450,000 of 3½% sinking fund debentures due Nov. 1, 1956, and all the 18,395 shares of 7% ($100 par) preferred stock outstanding. The balance of the proceeds will be added initially to the corporation's general funds.

Associated with Kidder, Peabody & Co. and Union Securities Corp. in the offering group are: Riter & Co.; Eastman, Dillon & Co.; Hemphill, Noyes & Co.; Merrill Lynch, Pierce, Fenner & Beane; Reynolds & Co.; Shields & Co.; Paul H. Davis & Co.; R. S. Dickson & Co., Inc.; Hornblower & Weeks; W. C. Langley & Co.; Clement A. Evans & Co., Inc.; Courts & Co.; Folger, Nolan & Co., Inc.; Graham, Parsons & Co.; Hallgarten & Co.; W. E. Hutton & Co.; The Wisconsin Co.; Bacon Whipple & Co.; Johnson, Lane, Space & Co., Inc.; Piper, Jaffray & Hopwood; The Robinson-Humphrey Co.; Oscar Burnett & Co., and Kirchofer & Arnold, Inc.

TRAINS THAT TALK ON THE RUN

by Induction Telephone!



FUNCTION OF THE TRAIN TELEPHONE

The train telephone is not intended to replace established methods of conveying instructions to trains. Rather, it becomes an auxiliary to established signaling, communications and safety devices, making them more effective by giving all who are involved in train operation more thorough and quicker information as to what is happening on the line.

Main Line Divisions of P.R.R. have long been equipped with every proved device for safety, signaling and communication. Included are automatic block signals, signals in the locomotive cabs, interlocking plants, power-operated and electrically-locked switches, dragging equipment detectors, slide protection fences, universal track circuits, telephones at signals, switches and strategic locations, teletypewriter networks, facsimile apparatus for transmission of train orders, and centralized traffic control.

P.R.R. Orders Million Dollar Installation for two Main Line Divisions . . . Harrisburg to Pittsburgh

Instantaneous and continuous telephone communication between moving trains and wayside towers, between engine and caboose, between train and train is now a reality . . . thoroughly tested and proved. Soon it will be a fact on two of the busiest divisions of the Pennsylvania Railroad.

This great advance in railroading has been in experimental operation on a branch of the Pennsylvania Railroad for two years . . . not only to find possible improvements, but to learn the best ways of applying it more widely.

The induction telephone is one of the many far-reaching improvements brought about by the Pennsylvania Railroad's never-ending search for new things and better ways. It is tangible evidence of the spirit of tomorrow that today is at work in railroading . . . perfecting and applying ideas and inventions that ordinarily would be considered as belonging to the distant future.

PENNSYLVANIA RAILROAD

Serving the Nation

★ *49,625 entered the Armed Forces* ☆ *408 have given their lives for their Country*

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REPRESENTATIVES IN THE PRINCIPAL CITIES OF THE UNITED STATES

Mutual Funds

Nine Months Sales

The National Association of Investment Companies reports that 1944 sales of the 68 open-end member funds through Sept. 30 amounted to $115.9 million, as compared with $115.2 million for the full year 1943. Repurchases were also at a higher rate than last year, amounting to $54.4 million for the nine-month period, leaving net sales of $61.5 million.

On Sept. 30, 1944, total net assets of the Association's 68 open-end member funds stood at $776.9 million, representing a gain of $126.1 million since the first of the year.

Since 1894

Calvin Bullock's October issue of **Perspective** marks the 10th anniversary of that publication. It marks, too, the 50th anniversary of the founding of Calvin Bullock.

The occasion is taken to review the road which the firm has traveled during the past 50 years. A large chart shows the course of economic changes in the United States during this period and the text records the highlights along the way.

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Growth Stocks

National Securities & Research Corp. in its current letter on **Industrial Stocks Series** lists the various new industries in which this fund has a participation. Particular point is made of the fact that Industrial Stocks Series achieves its **growth position** through ownership of shares of **established** companies which are interested in the new industries.

Post-War National Income

A logical and encouraging analysis of the probabilities with respect to post-war national income is made by **Keystone Corp.** in the current issue of **Keynotes.** The rate of increase in national income which occurred in the first four years after World War I is used as a yardstick. It is then shown that, if the same rate of increase prevails after this war, the "national income for the first four post-war years would average $148 billion annually."

Approximately the same figure is then arrived at on an entirely different basis of projection. "If the rising trend established from 1910 through 1929 had been maintained during the depression 1930's, a projected level of $150 billion after this war would seem, not high, but low."

Like Banks

Lord, Abbett makes an interesting comparison between the operations of commercial banks and those of investment companies in the current issue of **Abstracts.** The money you deposit with a commercial bank is invested by the bank; the money you put into an investment company is likewise invested. The difference is that your money in the bank affords you no income and no chance for capital gain or decline. In the investment company your money will afford an income as well as the chance for capital change.

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M. I. T. Report

Massachusetts Investors Trust reports net assets of $152,541,277 on Sept. 30, 1944, equal to $21.97 per share on the 6,942,970 shares outstanding. This compares with net assets of $140,643,966 a year ago.

Mutual Fund Literature

Keystone Corp.—Revised portfolio folders on **Keystone High-Grade Stocks** (S-1), **Fast Moving Stocks** (S-3) and **Inflation Hedge Stocks** (S-4). . . . **National Securities & Research Corp.**—The current issue of **National Notes**—subject: Post-War Building Boom. . . . **Calvin Bullock**—The current **Bulletin,** comparing high-grade bond and common stock yields. . . . **Lord, Abbett**—revised prospectus on **Affiliated Fund** dated Oct. 14, 1944. . . . **Selected Investments Co.** — Current issue of "These Things Seemed Important," highlighting Harry Hopkin's "conversion" to business orthodoxy; Sept. 30, 1944, portfolio of **Selected American Shares.**

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We Are Losing The Peace

(Continued from page 1794)

and political, or whatever organizations are set up. Above all the peace must be non-imperialist. Every people must be assured self-government and where guidance to that end is necessary, it must be under international and not imperial authority.

These basic principles are being flagrantly violated by Stalin, Churchill and Roosevelt. Unnecessarily, they are sentencing thousands of our sons to death by the slogan, "unconditional surrender," which they use in part to hide their own divisions. Dumbarton Oaks, in its setting, merely provided a camouflaged triple alliance which, as history proves, cannot last long but can, while it lasts, do immense harm to genuine peace. It is preposterous nonsense to believe that existing governments can bind their successors to use parts of competitive armaments to constitute an international force against an aggressor, especially since the aggressor is likely to be one of themselves. Mutual security with general protection can exist only in a disarmed world.

The Stalin and Churchill struggle for spheres of influence and the Administration's campaign for post-war military conscription here in America prove that our leaders neither believe these truths nor really trust each other. They try to hypnotize idealists with words like "cooperation" and "internationalism" while they keep the masses drunk with hate. So many are the causes of conflict in the world, so keen are the latent rivalries among the victors, and so provocative of war is imperialism, that if by a miracle all the Germans and Japanese could be destroyed, Stalin and Churchill would go on demanding strategic frontiers and maneuvering for spheres of influence. And Roosevelt, I suppose, would go on with the futile task of trying to appease them both by underwriting their empires with the lives of our sons. Governor Dewey's New York speech was politically clever from a Republican standpoint and most of his concrete criticisms of Roosevelt's foreign policies were sound. But none of them went to the root of the matter. The Governor attacked the Morgenthau plan for Germany but not the slogan "unconditional surrender." He accepted the basic evil of imperialism in the setting of which Dumbarton Oaks is not, as he thinks, a promising beginning on the road to peace, but an invitation to new wars.

At this point someone is bound to want to interrupt me by asking me, "Mr. Thomas, don't you believe that the future of peace depends upon continued friendship between the major victors?" The answer is an emphatic "Yes." No one in the world would more vehemently oppose an Anglo-American war on Russia, a war doomed to failure because of Russia's growing strength, than I. But I think reaction from blind appeasement and a false and sentimental view of Stalin's character is far more likely to make for war than an honest facing of facts. Let us take, therefore, a further look at history and, on the basis of what it tells us, consider the future. Last week I emphasized British imperialism. This week let us examine Russia.

By the summer of 1939 Russia had come through the fires of revolution into a position of great actual and greater potential strength. Her economy, as I pointed out last week, was State capitalism; her government an absolute dictatorship. But the material conditions of her people were improving. Stalin was not so weak that he had to make the infamous deal with Hitler which gave the latter the green light for war. He had some excuse but no justification for his conduct in the fumbling power politics of the British and French governments. Probably his principal hope was that the Western Europe powers would destroy one another while Russia sat by. Anyway in alliance with Hitler he took possession of the little Baltic countries with which he had treaties of non-aggression, and occupied a large part of Poland. He telegraphed Hitler: "Our friendship is cemented in blood," and Molotov declared, "Fascism is a matter of taste." Stalin's other army, the strong Communist parties throughout the world, which had been agitating for collective security, denounced Britain and France in unmeasured terms. Meanwhile Stalin began a war against Finland at least as unprovoked as Hitler's attack on Poland. Ironically that war helped Russia by showing weaknesses in her army which Stalin set to work to remedy. He killed and deported thousands of Lithuanians and Poles, especially Socialists, whose appeal to the masses as over against his Communism, Stalin feared. Then Hitler perfidiously attacked him, the Russian people rallied to the defense of the homeland as once they had rallied to defeat Napoleon when more than half of them were serfs. Russian heroism and Stalin's firm leadership in war won the admiration of the world which the USSR, men felt, had done so much to save them from the Nazis.

With success Stalin took over the ambitions of the Czars for dominance over eastern Europe and access to warm water. Already, as I pointed out last week, the clash of Russia and Britain for spheres of influence in Europe is on. Stalin is harsh or lenient towards the little countries which had been his enemies according as it suits his interest, primarily in exalting Russia's power, and secondarily in advancing Communism which he has not forsaken. There can be no reasonable doubt on the record that he first invited the rising of Polish patriots in Warsaw over the radio and then denounced it and refused to send air-borne supplies. Thus thousands of Poles who might have been recalcitrant to a puppet Poland were slain He intends to fix Poland boundaries without even a fairly conducted plebiscite. It is quite true that he has a case for some alteration of them. So did Hitler in the west. Hitler's crime was in seeking these changes by violence. What was wrong for Hitler is not right for Stalin. It may be too late for America to alter Stalin's plans, although that is not yet certain. At least we need not underwrite them.

In spite of what Stalin is doing in the Baltic States, Finland and Poland, he is in far the best position to dominate most of Europe. His is the greatest country, the most strategically located, with the most natural resources. Whatever may be the faults of Russian Communism, it is at least free from the racism which curses the English speaking powers Despite Poland, Stalin or his successor, unless he blunders badly, will have Pan-Slavic support. He has the absolute obedience of the international Communist movement whose influence in the Civil Service at Washington and in the labor union movement, while less than Martin Dies imagines, is far greater than the professional liberals will admit.

In western Europe, Stalin will appeal because he has not had to bomb their cities or reduce their children to hunger by the blockade. He has no such responsibility for such a mess as Roosevelt has helped the British make in Italy under AMG. Already the Communist Party is the strongest single party in France and its press is playing up the Soviet role while it cries down the British and American contribution to French liberation. This rise of Stalin's power and influence in Europe cannot be counteracted by force. It need not be aided by the kind of blundering of which the British with some American support are guilty when they try to restore private capitalism and the status quo in western Europe, and propose plans for Germany which, as Dorothy Thompson has ably pointed out, play directly into the hands of Stalin and the Communists.

In the Middle East Stalin's plans are, at this distance, less obvious. But it is certain that Russia will not leave it to a cartel of British and American oil interests or to rivalries between the English speaking peoples for trade and power.

In the Far East he is temporarily, but only temporarily, appeasing the British Empire. He has not declared his intentions towards Chiang Kai-Shek but it is doubtful if he will forgive the only man in the world who ever got the better of him, especially since there is a strong native Communist movement in China. He will probably get into the war with Japan in time to sit at the peace table. He has been justified until now in concentrating his military force against Germany. Whether he has been justified in all his concessions to Japan is another matter.

One thing about Japan is sure. If Roosevelt or Dewey should be foolish enough to crush the whole Japanese people, and if the old power politics game goes on, Stalin will be the only winner. He can, if he wants, pose as a friend of the Japanese people and at the same time profit by their elimination as a power in eastern Asia.

These things need never have been if Roosevelt from Pearl Harbor onward had quietly insisted on a program fit for peace. Stalin is, above all, a realist and wants his country to recuperate. The Russian people have no reason to love a costly imperialism; they have plenty of room. There may still be time to appeal to them and to their realistic ruler for a better type of cooperation. At least they can be made to understand that we shall not underwrite Moscow or London's power politics.

Time fails me to examine other aspects of imperialism as the mother of war. If not our children, then our grandchildren, will suffer from the cruel and irrational exploitation of Africa by European powers. There ought to be an African federation of free peoples, and there should be international action towards that end. Those who believe that the white man has brought nothing but benefits to Africa should be reminded that some French authorities declare that under French rule with forced labor and the white man's diseases the population of French Equatorial Africa declined to about a tenth of its estimated number in 1900. (By the way I stand ready to document this and every other statement I have made in this speech.)

We Americans cannot afford to be self righteous. We have to our disgrace our treatment of the colored race at home and our bad handling of the economic and political problems of Puerto Rico. The best feature of the Roosevelt Administration's foreign policy was its good neighbor program south of the Rio Grande. But in most of those countries suspicion of Yankee imperialism is growing again. Too much American friendship and American money have been a bribe to dictators, too little help to the people. Doubtless there was some Nazi danger in Latin America, but the real danger which will not die with the Nazi defeat is active tyranny and exploitation, aided and manipulated by powerful foreign interests.

It is a tragedy for the future—and I use so strong a word advisedly — that not Roosevelt, not Dewey, but only myself, is discussing these basic issues on which our own, our children's and our children's children's peace depends. A choice between Roosevelt and Dewey on their relative merits or demerits in this field is meaningless. The policies of both of them point to no solution to the twin problems of war and unemployment, but rather to their intensification. If you vote for either you will not be voting for an internationalism a little less well developed than once you had hoped; you will be voting for stark imperialism disguised as a phony internationalism. Only by the greatest effort will we be able to avoid American imperialism and militarism as the result of Roosevelt's failure to develop and proclaim to all the world a program fit for peace.

The one thing you can do is to begin that effort by voting Socialist. The size of the Socialist vote will count in Washington and on public opinion. It will be a factor in creating that new political realignment which is essential to democracy as well as to prosperity and peace.

FIC Banks Place Debs.

A successful offering of two issues of debentures for the Federal Intermediate Credit Banks was concluded last week by Charles R. Dunn, New York fiscal agent for the banks. The financing consisted of $18,685,000 0.80% consolidated debentures dated Nov. 1, 1944, due May 1, 1945, and $23,685,000 0.90% consolidated debentures dated Nov. 1, 1944, and due Aug. 1, 1945. Both issues were placed at par. The proceeds, together with cash funds of $1,785,000, will be used to retire $44,155,000 of debentures due Nov. 1, 1944. As of Nov. 1, 1944, the total amount of debentures outstanding will be $269,915,000.

Mastic Asphalt Looks Good

Mastic Asphalt Corporation, manufacturers of patented products to accomplish proper insulation of buildings, has interesting post-war prospects according to a bulletin issued by Amott, Baker & Co., Inc., 150 Broadway, New York City. Copies of this interesting bulletin, which contains a tabulated comparison of Mastic with similar products, may be had upon request from Amott, Baker & Co.

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Canadian Securities

By BRUCE WILLIAMS

The announcement of the SEC to the effect that drafts have been prepared of "a new simplified form for the registration of shares of mining corporations under the Securities Act of 1933" opens up new vistas for Canadian mining companies.

Already there are boom conditions in the Canadian gold-mining section, but unfortunately several spectacular discoveries, especially in the Yellowknife district of the North West Territories, have brought in their wake a mushroom growth of flotations of dubious worth. This has detracted from the real importance and significance of these developments.

It seems increasingly clear that these new Northern gold fields will contribute largely to Canada's post-war gold production. The surface has only just been scratched, and with a return to normal conditions after the war, there will be many discoveries of the order of Giant Yellowknife. Moreover, the mines in this area, such as Con, Rycon, Negus, Ptarmigan and Thompson Lundmark which had been in production before labor difficulties compelled their closing, will play a still more important part with the inevitable growth of the Yellowknife district in the post-war period.

Even at this difficult stage of development when the population of Yellowknife is less than a thousand, already three banks, the Canadian Bank of Commerce, the Imperial Bank of Canada and the Bank of Toronto are established, and it is rumored that the Bank of Montreal is also taking the Northern trail.

There has always been considerable interest displayed in Canadian golds in this country, but should it become possible to register new issues here, it is highly probable that the Canadian gold section of the Stock Exchange list will acquire an importance similar to that of the "Kaffir" group of the London Stock Exchange.

During the past week, the market was slightly more active with a firm undertone. Canada 4s of 1960/50 struck into new high ground at 110⅛ and there was continued demand for high-grade issues of all maturities. Few offerings were forthcoming in connection with the Seventh Victory Loan drive and the supply problem is again becoming acute.

There was little activity in internal bonds, but there was additional evidence of increasing interest in the shares of Canadian mining companies. The Canadian dollar in the "free" market after weakening to 10⅞% rallied to 10⅜% discount, and the turnover was surprisingly small in view of the anticipated large offerings of exchange in connection with the internal bonds called and maturing Oct. 15.

It is possible that holders are delaying their sales in an effort to avoid the experience on a similar occasion during October of last year when, after declining to 12½%, the rate strengthened rapidly to 10% as soon as their offerings were absorbed.

Turning to possible future developments, now that the Seventh Victory Loan campaign is in full swing, there is little likelihood of any great market activity, but prices should be well maintained as there is a persistent demand for high grade issues which is increasingly difficult to satisfy.

A welcome event that may not be much further delayed is an announcement concerning a definite plan for the reorganization of the Alberta debt. The fact that it is difficult to secure precise information on this subject and the fact that the Premier of Alberta, Mr. Manning, was again in Toronto last week make it abundantly clear that a public statement must soon be issued.

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Cartels—A Program

(Continued from page 1795)

this subject of international business agreements, in conjunction with the industry branch of the Office of Economic Affairs of the Department of State. The President, himself, has only recently written a letter to Secretary Hull on the subject. The publications of our American universities are full of serious, informative statistical and analytical articles on the subject. The public press carries almost daily, some feature comment on the subject. You must admit that the subject of International Business Agreements — or, if you please, as I do, to call the subject cartels — is receiving widespread consideration, study and attention — if not agreement.

In all of these discussions that are going on about cartels, is there a common acceptance of a definition of what the word cartel means? The answer obviously is "no." There are almost as many definitions of what a cartel is, as there are people considering the subject. That statement does not mean that there are not broad acceptances of general principles in reference to cartels. One universally accepted principle is that no one will say that he is in favor of any foreign agreement—cartel, or otherwise—which is not in the interests of the United States of America. The point of difference of opinion, here, is of course, on whether any particular agreement is or is not in the interests of the United States of America, as well as in the interests of the participating parties. And you can generate considerable more heat than light in any argument on that point.

One group in this country seems to feel that an agreement of almost any kind between private enterprise in this country, with a private enterprise in a foreign country — down almost to the level of buying and selling transactions — comes under the category of cartel, in the bad sense of that word — and should be extirpated. This school of thought, generally, also seems to go on the theory that any one who touches alcohol is a drunkard, or that anyone who eats is a glutton—at least potentially.

The school of thought, at the other extreme, seems to feel that outside the twelve mile limit, government should not interfere—in other words, along the general trend of thought that "you" — meaning government — "can't do that to me" — all the while it's being done. It is in the more reasonable realm of thought between these two extremes that the opinion is ventured that there are almost as many definitions for the word "cartel" as there are people considering the subject.

There are "good" cartels; there are "bad" cartels. And I note, creeping into the nomenclature on the subject, the words "restrictive cartels" — which seems to draw some distinction between cartels that "restrict" and cartels that "don't restrict," — with the inference that a cartel that does not restrict might even be a "good" cartel — maybe! The only trouble, here, is, who is to decide whether a cartel is really restrictive, or not. And the argument is on, all over again!

Start out with this lack of common acceptance of the definition of a cartel, and, inevitably, the result must be great differences of opinion and confusion of thought on the subject.

That there are differences of opinion in governmental departments about cartels is indicated by a quote from a recent issue of the New York "Times," as follows:

"It is now anticipated that Secretary Hull will shortly report to the President, the executive committee's findings which, it is expected, will recommend an end to 'restrictive cartels' while recognizing the propriety of international commodity agreements, such as the petroleum pact with Great Britain, when they are made for purposes of 'conservation.'

"The greatest difficulty of the executive committee in making final recommendations has been to reconcile the view of the Department of Agriculture, which favors international control of surpluses through commodity agreements, with the attitude of other government departments that there should be **no** 'restrictive agreements'."

"International control of surpluses" is of course the boiled-down justification for any cartel agreement — a point which might at least be kept in mind by those interested in the subject of cartels, who do not, themselves, have to wrestle with the practical solutions of the problem of surpluses.

You may take it from one who has labored in the vineyards of many discussions on the subject of cartels, on the non-governmental side, that there are a grand and great variety of differences of opinion on the subject, existing within private enterprise — running the gamut of opinion not only of what a cartel is and what should be done about it — but of whether private enterprise should even express any opinion at all about cartels, as a matter of policy —apparently on the general theory of why should one stick one's neck out—and if so, when would be the propitious moment to do so. The general opinion on this latter point seems to be that it should better be postponed until that tomorrow which never comes, just on general principles.

Is this subject of cartels as important a one to us, as a nation, and to us, as individuals, as the interest and differences of opinion about it, would indicate? I think it may be of even more importance than we dimly foresee at this time. What our national policies are going to be on this controversial subject, will almost certainly shape not only our foreign trade relations but to a great degree our political relations with our present friends of the United Nations and even perhaps the future peace of this war-weary world.

Let me quote from the financial page of one of the recent issues of a New York newspaper, which is an outspoken supporter of the present administration in Washington, in reference to the possible effect of our policy on this subject of cartels, on our national relations with Britain. I quote: "Despite the fact that we and our British friends speak a common language and that we're in this war with a common goal, the breach between us on fundamental, key economic issues is growing wider by the day — and if we are to avoid tragic misunderstandings and bitterness, it is about time you and I woke up and faced this nasty truth.

"We don't agree on the propriety of cartels and the whole concept of private business agreements designed to divide world markets, restrict production, regulate competition and fix prices.

"Or again, to put it more bluntly, while England has indicated with dramatic clarity that at worst, she considers cartels a necessary evil in her economy, President Roosevelt and our Justice Department are fighting for their destruction."

Are these remarks an exaggeration? I hope so, but when I read the recent comments in a London daily, and in Parliament, about the reported visits of American business men to Paris, I wonder. I wonder, too, if this type of comment does not apply to a greater or lesser degree to our relations with other friendly United Nations. Remember that these other nations live and work under a different economic atmosphere than we have in this country. Recall that many of these nations have restricted domestic markets in which unregulated competition and lack of a control of surpluses, would be ruinous; that they **must** export up to 50% of their national production, if they are to live. Grave differences of opinion must be confidently anticipated if we, by any means, try to impose our own economic philosophies across national borders — and especially so when we are not even in agreement on these philosophies at home. Remember we found, at one time, in this country, how very difficult it was for one sector of domestic opinion to impose its own special philosophy on another sector of domestic opinion. That was at a time when another "experiment, noble in purpose," was tried out and later abandoned with the repeal of the prohibition laws, because it just would not work. Let us not, with the certain knowledge that different economic bases existing abroad will not permit acceptance of certain of our views on this question of cartels, try, on an international scale, to impose another passing national philosophy on other sovereign nations, even though it, too, be "noble in purpose." What can we gain by either trying to impose our ideas on international trade on other nations, or as an alternative, refusing to participate with them in such trade. Trying to impose our philosophies will almost surely result in bad blood. "Refusing to participate" is just what we shall do if American industry is not permitted to join in international trade under the rules accepted by other nations, as sound, and in the national interest, or at least, as in Britain, as just quoted, accepted, as a necessary evil.

I submit that the background which has been briefly sketched in these remarks indicates that the "so much" consideration being given in so many places by so many people has something of the aspect of that cavalry regiment that was reported to be charging in all directions at once. I submit that the "so much" consideration now being given in so many places, by so many people to this extremely important subject, has something of the aspect of being motivated largely by desire to advance individual opinion and personal prejudice, and not to seek out what is good—and good sense — from all sources available. Private enteprise engaged in foreign trade can well afford to recognize — and indeed must recognize — that any selfish opinions on this subject of cartels can not receive and actually never will receive public acceptance. Government, in this country should recognize — and indeed, in the long run, through the force of public opinion, will recognize—that private enterprise with its long experience in matters affecting foreign trade, in its practical details, can contribute greatly to the national welfare — and, indeed, to international welfare, as well — if it is brought into governmental considerations on the subject not as a suppliant, with hat in hand, not as a malefactor — potential or otherwise, whose opinions may only be considered, with great suspicion, but as a full-fledged, even if junior partner of government — and with the full obligations that go with such partnership — which, too, as well as government, is sincerely interested in the national welfare. This national policy, as is well known, is followed to the public benefit of all segments of their societies, by other nations with great and long experience, in international trade.

During this war, under the auspices and direction of government, the best scientific brains of the country have been marshalled to focus attention on specialized engineering problems intimately connected with the winning of the war. Outstanding and astounding —and I speak with due restraint —results have come from this method of delegating special problems to specialized attention and study. These problems, with the pressure of military necessity for finding the answers to them, under this technique have been tackled without thought of personal opinion or prejudice, but with the sole desire to come to the correct conclusions and answers, quickly and accurately. Are the post-war problems — I ask you — in the economic field of our relations with our foreign neighbors, to be of any lesser importance, than these war-time problems in the military field? Must government and industry, in the handling of these economic problems, sit on opposite sides of the table, eyeing one another with suspicion? If not, then, may it be asked why should not the same technique that has been employed in tackling these scientific and engineering problems connected with the winning of the war, be again applied to tackling the economic problems connected — and intimately connected — with the maintenance of world peace. Is it too much to suggest that great benefit might result if this same procedure were followed, in seeking the correct solutions to this problem of cartels — and what to do about them?

Well — if it is, then, may I at least suggest to the members of this Foreign Trade Convention that American industry, itself, should arrive at a common conclusion as regards its own thinking on this subject of cartels — and what to do about them. Instead of American industry having 100 different groups — trade, technical and engineering associations; economic and cultural groups, chambers of commerce, et cetera, — all considering and studying this subject of cartels — and all coming up with 100 different conclusions and answers — would it not be more practical and less confusing if there were a single group which could properly presume to speak for all of American industry, with authority, on the subject? Why, then, do not all of these 100 individual groups, each considering this subject of cartels from its own particular viewpoint, decide to name a delegate — or delegates — to a single, over-all group — a committee of the whole — an upper house of American industry — a COUNCIL OF AMERICAN INDUSTRY — if you will — which would constitute a forum where the ideas and conclusions of the individual groups — trade, commercial, economic, cultural — could be considered, discussed and resolved? Conclusions of such a Council of American Industry could well be said to express the statesmanlike thinking of all segments of American industry. Its over-all considerations and conclusions could be implemented in unequivocal phrases of definite recommendations. Such recommendations could and then, should, be broadcast, not as a right of American industry to express its opinion, undertaken with trepidation as to possible retaliatory consequences, but as an obligation, to be exercised in the public interest.

If American industry cannot or will not, through such a Council of American Industry, or otherwise, collectively consider and think through to the correct answers on this question of cartels—with the public interest always foremost in mind — and, then undertake, with one voice, not 100 voices, to express its honest conclusions and convictions, courageously and without hedging, then let it prepare in silence for what it is about to receive, and not undertake to criticize or condemn what others may think and do in the matter.

Mellon Securities And First Boston Group Dispose Of $130,000,000 Phila. Electric Issue

A group headed by the Mellon Securities Corp. and The First Boston Corp., as joint managers, offered Oct. 20 $130,000,000 first and refunding mortgage 2¾% bonds. The issue is in two series of $65,000,000 each, one series maturing Nov. 1, 1967, being priced at 100½, and the other series, due Nov. 1, 1974, offered at par. The issue has been oversubscribed.

The underwriting group won the issue on a bid of 99.44888 for the 1967 series and 98.94888 for the 1974 series. This was the only bid submitted, and was approved by the SEC.

Included in the underwriting group with Mellon Securities Corp. and The First Boston Corp. are: Goldman, Sachs & Co.; Halsey, Stuart & Co., Inc.; Ladenburg, Thalmann & Co.; Lazard Freres & Co.; Lehman Brothers; Stone & Webster and Blodget, Inc.; Union Securities Corp.; A. C. Allyn & Co., Inc.; Bear, Stearns & Co.; Blair & Co., Inc.; Eastman, Dillon & Co.; Glore, Forgan & Co.; W. C. Langley & Co.; Lee Higginson Corp.; F. S. Moseley & Co.; Phelps, Fenn & Co.; E. H. Rollins & Sons, Inc.; L. F. Rothschild & Co.; Salomon Bros. & Hutzler; Shields & Co.; White, Weld & Co., and 102 other investment banking firms.

Proceeds from the sale, together with treasury funds or proceeds of short-term bank loans not in excess of $4,000,000, will be used by the company to redeem at 106 the $130,000,000 outstanding first and refunding mortgage 3½% bonds due 1967. The redemption will be made on or about Dec. 1, 1944, and will require $137,800,000, exclusive of accrued interest.

Upon completion of the financing the company on a consolidated basis will have outstanding, in addition to the $130,000,000 first and refunding 2¾% bonds, $20,000,000 first and refunding 2¾% bonds due 1971; $31,866,037 subsidiary long-term debt; $12,000,000 subsidiary preferred stock; $27,954,210 ($100 par) 4.4% preferred stock, including premium of $482,210, and 2,368,943 shares of $1 dividend preference common stock and 8,160,287 shares of common stock, both without par value.

This is under no circumstances to be construed as an offering of these Debentures for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Debentures. The offer is made only by means of the Prospectus.

$100,000,000

The American Tobacco Company

Twenty-five Year 3% Debentures

Dated October 15, 1944 *Due October 15, 1969*

Price 101% and Accrued Interest

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer these Debentures in compliance with the securities laws of the respective States.

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DREXEL & CO. STONE & WEBSTER AND BLODGET Incorporated WHITE, WELD & CO.

Dated October 26, 1944.

Coming Changes In Distribution

(Continued from first page)

establishments and retail stores have been streamlined and slenderized down almost to an indistinguishable trace. Classes in marketing, merchandising, advertising and selling in our schools and colleges have dwindled or disappeared. There are reports from all parts of the country that there are relatively few young people who are thinking of going into selling as a career. Selling has not only grown soft, it has for the most part become non-existent.

Now we face a new prospect. The end of the war is approaching. Business is going to have to change over to production and distribution for civilian markets instead of selling to the government. Production for peacetime conditions depends upon selling. Grain on the farms, textiles in the mills and household appliances in factories, are meaningless and wasted unless ultimate customers can be found for them. If we are to regain and maintain peacetime prosperity we must have selling, and a lot of it. Sales organizations must be rebuilt. Men and women must be found and selected who have the aptitudes and ambitions to sell. They must be indoctrinated, trained and inspired to do this essential work. They must be paid, coaxed and driven to accomplish more than has ever been done before. Distribution and marketing face a great responsibility. The distribution age, long discussed and forecast, is at hand.

Let us see what the job is that selling must do. The post-war task of private business has been very well described by the Committee for Economic Development. I draw upon the reports of that organization for my information. The job is to convert from war to peace economy as quickly, smoothly and effectively as possible. Business must build a prosperity based on full employment. To accomplish this, every factor of industry and distribution, every wholesaler and every retailer, and every sales and advertising employee must do his part. Those who sell are to the future of business what the marines and the paratroopers are to the army and navy in the present war.

The CED has indicated that following the war there must be work opportunities for some 57,000,000 persons. There must be a national income of from $135 billions to $140 billions, based on 1940 purchasing power, to maintain such employment. This income will provide the purchasing power to raise and keep our economy at a high and prosperous level. This amount, however, is only slightly less than the present national income stimulated by war production and maintained largely by government purchases on borrowed funds. It is greater by more than 50% than the largest national income that we ever had in any peacetime year preceding our entry into the war.

The CED has clearly and emphatically indicated that this income level must be reached and exceeded, or this nation will again be plagued by unemployment and depression, with its accompanying threats to our economy and proposals for the substitution of Statism, Socialism, Communism, or some other totalitarian system.

The gravity of the job to be done is further enhanced by the degree of inflation that is occurring and has already occurred, amounting to at least a 40% increase since 1939. The requirement of a national income of $135 billions at 1940 price levels must be restated as in excess of $150 billions at 1944 price levels. These figures mean that there must be a greatly increased production as well as greatly increased sale of civilian goods over anything we have ever seen before. This is the job that business must do.

The part that distribution must play in the creation of post-war prosperity may be suggested by the increases in sales that must be secured by retailers. In pre-war years retail sales averaged from 55% to 60% of the total national income. Thus, in 1939, as against a total national income of $70.8 billions, retail sales amounted to $42 billions, or 59%. With the sharp increases in national income resulting from the war and the greatly extended use of government credit, coupled with the shortages of consumer goods, the ratio of retail sales has declined. In 1943 it amounted to but 50% of the national income. If retail sales in the post-war period were to regain the same ratios to national income as in the pre-war era, then retail volume will exceed $80 billions a year! The largest amount ever registered in any pre-war year, in 1929, amounted to just under $50 billions.

It may be assumed, however, that as the national income increases the percentage expended through retail stores may decline. Taxation, for example, will take a much larger share. There may also be proportionate increases absorbed by non-retailing channels, such as for services, professional fees, entertainment, travel and so on. Certainly, however, if the national income reaches a peacetime level of $140 billions, the total retail trade should be not less than $70 billions, and more probably $75 billions, as against a total of $46 billions in 1940, and $50 billions back in 1929.

Can this volume of sales be effected by our distributive system? In my opinion, it can and will. Certainly, however, it will require much more than usual effort. There must be the will to try. There must be the desire to exercise foresight and to make extensive plans. There must be the willingness to venture and to take risks. There must be adequate rewards and honors for those who succeed.

To accomplish this great purpose business needs to be freed of unnecessary burdens. There may not be too many slackers or free riders within the system itself. The grinding, burning brakes of government regulation, so tremendously extended during the war period, must be lifted or we will not go very far. The tax burden needs to be lightened. It is futile to expect any return to the moderate levels of taxation prevailing before the war, but present high tax rates, if continued, will strangle efforts to extend new business. Even more importantly, taxes need to be stabilized. The full faith of the nation in its institutions and its government may again be regained if the government will get back on an even keel and live within its means.

The legislative inequities that foster rather than reduce industrial strife, such as found in the National Labor Relations Act, and the Wage and Hour Law, need to be drastically corrected. If employers are to be encouraged to extend employment they should, at least, be accorded the same rights as employees and their unions in the settlement of common issues. The 40-hour work week with its penalties for overtime, never justified even in the serious years of depression, is now likely to become a heavy millstone around the neck of industry seeking the advancement of our economic society. There is a strong probability that American industry, all branches considered, can not produce enough under a 40-hour work week to supply the nation's needs. There is no possible excuse for this provision. It should be eliminated before it wrecks our economy. The minimum wage established by Federal law for interstate commerce, and by State law in certain States for local occupations, is another measure supported by well-meaning people who simply haven't thought through to the mischievous effects of this proposal. It is inevitable that, in the post-war period, after the government ceases to pay the bills for employment, the whole minimum wage program will prove a serious obstacle to full employment and consequently to prosperity.

The evils of the closed shop need correction. Finally, and most important of all, the destructive, brutal, primitive, if not moronic method of the strike and the lock-out constitute a menacing obstacle to the future growth and prosperity of this country.

There is neither the time nor is this the place for a discussion of the merits of these imperatives. It must be clear to those who will think that they stand in the way of economic progress. It is even improbable that the national economic well-being for which we all hope can be achieved if these legislative evils are continued.

There are, however, other conditions that favor the achievement of post-war prosperity. First among these is the likelihood that the free enterprise system will be given a fairly free and open field in which to begin its work. In recent years the people of this country have learned and are still learning a great deal about the conditions of living under the various system of totalitarianism. What they have learned has made most of them rather glad to continue to live under the American system of free enterprise. For the present, at least, the voices of the proponents of state socialism, fascism and communism are not very loud. American private business has made a brilliant war record excelling that of every other system and country. With the utmost good-will and even gratitude American citizens are eager to give private business a chance to show what it can do for the post-war period. This is a psychological advantage that is highly important. I know that most of you will agree that the cessation of propaganda for totalitarianism may be but temporary. The advocates of national planning, central ownership and control in one form or another will return again. In the meantime, private business can enjoy this temporary relief from sniping and attack while busy in laying the foundations of post-war prosperity.

There are certain other material conditions which, if properly utilized, will, likewise, help the free enterprise system. **There will be surplus consumer savings of about $100 billions** available for post-war use by the end of this year. This is an enormous backlog. This should help to stabilize sales even if the period of reconversion should unavoidably bring on considerable unemployment.

In recent weeks some observers have suggested that an uncertainty of economic outlook and a prospect of widespread unemployment may retard or even prevent the use of these savings for the normal purchase of goods. To this the reply may be made that people have always used such savings for necessary expenditures in the past and there is nothing to indicate that human nature has greatly changed. There are, however, special reasons for believing that these savings and accompanying current incomes are likely to be ready for the fullest use as soon as the repressions of the war effort are withdrawn.

More than 5,000,000 marriages have taken place since Pearl Harbor. There have been no comparable increases either in the construction of housing units nor in the supplies of home appliances and furnishings. It is reasonable to suppose that a very large proportion of these married couples will start making direct efforts, even if there is some unemployment, to establish homes and households of their own.

There have been about 12,000,000,000 children born in this country since 1940, of which at least 2,000,000 are in excess of the normal birth rates in pre-war years. You can be sure that the parents of these children will use their savings and make their best special efforts to provide the ordinary necessities for these children as soon as the war regulations are lifted.

Then there is an abnormal need for replacements of all kinds. Beyond the housing and home furnishings needs for new families, there are millions of old homes that must be rebuilt, repaired, remodeled and modernized. Is there anyone who doubts that the demand for automobiles, tires and other automotive equipment is certain to be unprecedented? The wants for radios, refrigerators and other household appliances are currently held in check like tightened steel springs waiting for post-war release. Some companies are already doing a sizable business in offering deliveries of these goods as, if and when they are available. Customers are actually making down payments for priority deliveries after the war.

Factors contributing to obsolescence in consumer goods. There is also the prospect that the discoveries of numerous new materials and processes coupled with the application of new and more attractive, artistic design, will render much of present consumer goods and equipment obsolescent. Houses must be repainted and refurnished inside and out. Apparel will appear in new styles making wartime necessities seem ridiculous. There will be new foods and beverages as well as plenty of many other items now rationed or unavailable. As a result people will be in the mood to buy.

There is an enormous need for rebuilding and refurnishing factories. The potentials of demand are not, of course, confined to consumer goods. There will be a post-war demand for capital goods of every possible description. Many factories built in recent years to produce war goods are undoubtedly up-to-date. Some of them are described as models of efficiency. Certainly this not true of the great majority of plants producing consumer goods. In many cases such factories are out-of-date and even in advanced stages of dilapidation. They cry out for new equipment as soon as it becomes available. Millions of dollars will be required to bring these industries up-to-date.

The farms of this country will require extensive renewals as well as great quantities of new goods. It is true that the farmers and their families, with such little hired help as they have been able to get, have made a marvelous record of war food production, but with enormous costs to their farms. Farm plant and equipment, the country over, is largely worn out. Soils have been depleted. Fences are in disrepair. Barn and house roofs are leaking. Extensive repairs are needed and enormous quantities of paint will be required to cover the hungry weathered walls. New farm equipment of all kinds is needed. Not the least of the wants of the people who live on farms is for new clothing; yes, for Sunday suits and dresses, to take the place of work-clothing now very generally worn by farm people seven days a week all year around. There is likewise widespread need in the farm homes of the country for new home furnishings, household equipment and appliances, the demands for which have had to be shelved for the period of the war. Farmers will want many things after the war. They will have the money to pay for them. They will be entitled to them. The farm market will be a big one.

Consider the requirements of the retail stores of this country. Scarcely a new store has been built since 1941. Not even necessary repairs have been made in recent years. If there is now a retail store in this country that does not need considerable reconstruction and modernization to improve its sales efficiency, I have not seen it, nor have I heard of it. There exists a tremendous potential demand for new buildings, new fronts, new floors, new layouts, new fixtures, air conditioning, refrigeration and other kinds of equipment. When the war is over, when materials and labor become available, we are likely to see the most extensive program of retail store construction and modernization that this country has ever known. There is no danger that there will be no such demand. The real danger is that there will be a run-away demand and that it may be over-done.

What is true of retailing is probably equally true of wholesaling, warehousing, transportation and other institutions responsible for the distribution of goods. The plants and equipment of all of these institutions need extensive rebuilding, remodeling and modernization. It is difficult to overestimate the immensity of this program. So much for the conditions favorable to an expanded post-war demand. Once established the next problem will be to maintain it.

Changes in the Channels of Distribution. Many people are wondering whether the post-war period may bring any startling changes in the distribution of goods. So far as I can see there are not likely to be any revolutions either in the channels or methods of distribution.

The wholesaler-independent system, which has made extensive and remarkable gains during recent years is likely to hold its own and should continue to parallel the growth of future distribution of goods. In spite of the rise of chains, mail order houses and department stores during the past generation, the independent retail store business is represented today by more retail stores and enjoys a greater volume of business than it ever had before.

Changes may certainly be expected within the various channels of distribution. **Retailers' cooperatives, group buying and voluntary chains** are likely to have additional growth and, more particularly, to get down to more effective and systematic methods of doing business. Wholesaling is destined to further streamlining. More extensive development in **cooperative marketing in the producer and processing field seem inevitable.**

Since 1929 there has been a rather rapid development of the system of manufacturers' branch distribution. Such branches have to some extent displaced wholesalers. In a few instances such branch systems have been extended to displace the traditional or customary retail channels. We have probably not seen the end of this movement. It seems likely that a considerable number of manufacturing concerns, particularly those now in the war industries, concerns that are new and have no established relationships with distributors or retailers, and others whose relationships have been sharply broken off, may attempt distribution through owned branches. Expansion in this way will for a time at least be easy to finance from war earned reserves and newly expanded credit. That this method of distribution may prove more economical than the wholesaler-independent or chain store systems of distribution, or that it may be the means of greater efficiencies over any present form of distribution, have yet to proved. My guess is that experiments in manufacturers' branches and branch systems of distribution may in the long run make but little change in the present patterns of distribution.

Department stores are likely to held their own with other important retail channels of trade in the future growth of the American economy, subject only to the shifts in population in our metropolitan cities.

Variety stores are, I believe, certain to enjoy considerable expansion, but may follow the pattern of growth shown for these stores in the past; namely, not to grow as fast in a boom period, but, on the other hand, not to decline as fast or as far in a depression.

Supermarkets in the food field and roadside retail establishments of various kinds seem destined to expand considerably before they reach their leveling off periods and the beginnings of diminishing returns. Certainly the trend away from small specialty food stores towards general food stores which has been under way for several years may still continue.

There may be question, however, whether **self-service** which has expanded so enormously under the necessities of war will continue at the same high levels. The outlook for retail self-service is to a considerable extent dependent upon what retail labor costs are going to be. If excessive, self-service will remain at widespread high levels and may even see greater growth.

House to house selling will probably continue in the post-war period much as it was carried on in the pre-war period as an important form of distribution for certain specialties characterized by novelty, demonstration quality and relatively high margins to cover the necessary costs of direct to consumer selling.

Consumer credit, now drastically limited by Regulation W, will need liberalization. There will be the need in the future, as there has been in the past, for sound credit practices. The restrictions fixed by Regulation W are, however, so inflexible and so unsuited to normal consumer requirements and to business development that if left as they are at present they will prove a serious handicap. Too much emphasis has been placed upon over-extension of consumer credits as a cause of inflation. Not enough consideration has been given to the part played by legitimate consumer credits in the growth of our national economy. It may be presumed that the demands of our economy following the end of the war will include a considerable extension of consumer credit beyond present limits.

Auto, tire and automotive equipment stores are, for reasons that are obvious, due to enjoy an enormous post-war boom. We shall also probably soon see airplane agencies and stores serving the consuming public just as the automobile agencies served the consuming public back in the first and second decades of the present century.

Furniture, appliance, hardware and other durable goods dealers face the largest demands for their goods that they have ever seen. There will be not only the market for furnishing new homes, but also the extensive market for modern appliances for old homes as well. The sales opportunities in these fields seem almost boundless.

Restaurants may slump temporarily after the war industries come to an end, after the women war workers go back home and rationing is ended. In the long run, however, restaurants and the service of ready-prepared food on the premises are likely to expand indefinitely.

Consumer cooperatives which for more than 100 years have been at the bottom in importance on the list of American distributive institutions, have recently shown some very active signs of progress. Since the late 1930's up to the entry of this country into the war, they enjoyed the prenomenal growth of more than doubling their sales. Consumers' cooperation is to some extent favored by economic adversity. If prosperity can be achieved in the post-war period, it seems unlikely that consumers' cooperatives will show any gains in excess of other channels of trade. If, on the other hand, there is a slump with widespread unemployment, consumers' cooperatives are likely to spread rapidly.

The chief concern of the other and more usual channels of distribution affecting consumers' cooperatives is the threat that they may be granted preferential treatment in legislation or taxation. Except for this, and so long as the other channels of retail distribution serve their publics effectively and economically, there is really very little reason for the growth of consumer cooperatives beyond the opportunities afforded by such organizations to its members to agitate for a cause, to join something, to belong on committees and to strive for election to something and for leadership. I do not discount the importance of these fundamental functions of the consumers' cooperatives, but in the absence of substantial economic gains, it is unlikely that there may be enough people who want to agitate, to join, to belong to, or to support consumers' cooperatives to make them formidable rivals of other channels of distribution.

Many changes in products, packaging and services are undoubtedly on the way to post-war markets. The pre-packaging of fresh fruits, frozen and dehydrated goods is already well-established. It seems probable that consumers will be offered a much wider variety of fresh fruits and vegetables from all parts of the world, some transported by plane. Pre-packaging of fresh meats will depend upon whether the consent of the labor barons in the butchers' unions can be obtained.

Advertising, both national and local, by newspaper, radio and other media, are certain to grow increasingly important. The old controversies between national and private brands are due to be revived again. Apparently the national brands have stood the test of war conditions better than most private brands, and a proper cultivation of the present advantages and prestige of the national brands may help to heal some of the old wounds of battle between national advertisers and the large distributors.

Market research, already well established in some companies and utilized as a matter of course, is certain to be applied even more extensively, not only in determining what consumers will buy, how much they will be willing to pay, in what quantities and in what kinds of packages they will prefer to buy, and where they will buy, but also as to the best methods of capturing their attention and in holding their repeat trade. The wasteful hit-or-miss methods of marketing goods followed in the past will certainly give way to methods and procedures whose effectiveness and results have been predetermined.

Other important but general changes in consumer demand may be safely forecast. Most consumers will want better quality goods than have been available under war conditions. Wartime victory models and make-shift substitutes will be a drug on the market as soon as newer and better goods are available.

Consumers will want and expect more variation and greater ranges of qualities, colors, sizes and prices than have been available in the past. There are probably few if any American citizens who are not tired of regimentation of product as well as of meth-methods of distribution. Business institutions and consumers will vie with each other in their efforts to get away from such regulations as fast and as far as possible.

There is, of course, some danger that the wants of consumers may outrun the capacities of producers and distributors to supply them with post-war goods. There is a considerable danger that distributors in general and retailers in particular may not be adequately prepared to take care of the driving, moving demand of consumers when the war economy ends. The need for speed in making ready for the post-war market is evidend. There is, of course, the more than equal danger of moving faster than the consuming public is ready for it. Being the first in any movement may satisfy a personal pride, but being the first is rarely the sure way to a profit.

Importance of training. From what I have so far presented you will see that business and particularly distribution has an enormous opportunity as well as a great responsibility before it. That the performance of this responsibility will be difficult is certain. That it can be performed and that the responsibility will be discharged I have not the slightest doubt provided the owners, the executives and the employees of business will do the things that they should do with the same singleness of purpose in winning peacetime prosperity for themselves and their communities as shown in providing the production necessary for the winning of the war.

Most important of all aids to the reestablishment and maintenance of national prosperity is organized, systematic, thorough education and training. There is the need to think of development through training for all classes and grades of workers from the operating heads to the most routine workers of business.

The war has given us all a new idea of the value of training. Men in the military service are trained for every task and every emergency. Lack of such training would be fatal, not only for our men but for our nation. We must not allow the lesson of training taught by the military to go unheeded. We must similarly train for the task that lies ahead of us. There is, as we have seen a bigger job to be done than ever before. To do this job all workers must be trained. There must be training at every stage. There must be pre-induction training, training on the job, training for new jobs and training for advancement. If workers are to be highly efficient they must, like soldiers, keep in training all of the time. I am convinced that any plans made for the post-war period which require execution by officers or employees must include comprehensive, competent provisions for training. Without such provisions the plans will fail. Our training program, like our business program, must go far beyond anything attempted in the past.

What of the future of the costs of marketing? Many careful observers hold the opinion that wage levels established during the war will be maintained or but little reduced in the post-war period. Penalty, or time and a half, wage rates will, of course, be eliminated. A number of inequalities which have crept into the wage structure of the country during the war will have to be corrected. War workers, for example, are for the most part receiving wage rates considerably in excess of similar classes of workers in civilian industries. Some reductions may perhaps be expected in the wage rates on passing from war industries to peace industries. Other wage rates, however, particularly in the distributive trades and occupations, are more likely to rise to equalize the earnings of industrial workers.

It is to be expected and likewise to be hoped that an increasing number of workers in both industries and trades may be paid

(Continued on page 1814)

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New Issue

$115,000,000

Pacific Gas and Electric Company

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Series L, 3%, due June 1, 1974

To be dated June 1, 1944 and to be due June 1, 1974

Price 104% and accrued interest

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Union Securities Corporation

October 24, 1944

The Branch Banking Controversy

(Continued fro mpage 1801)

port of the F. D. I. C. (page 35), 'At the close of 1935, there were 18,448 banking offices in operation in the United States and possessions.' While it might be argued that the percentage of reduction of branch banks in Canada since 1920 has been smaller than the reduction of the number of banking offices in the United States, it must be remembered that many of the so-called banks in the United States which closed their doors in the trying years before 1933 were banks in name only—being in reality real-estate offices. The Canadian experience is valuable, since it proves conclusively that when it no longer pays to operate a branch bank it is closed, thereby denying banking facilities to the community concerned. This practice is contradictory to one of the basic arguments for branch banking. In various parts of the United States today affiliated banks and branches that do not pay are being transferred, closed, or sold to citizens in the communities in which they are located. The conclusion is inevitable."

In a study, "Banking Facilities for Bankless Towns," (1941), S. D. Southworth and John M. Chapman state on page 63:

> "The branch banks in California undoubtedly serve to lessen the amount of banklessness that might otherwise exist, but the fact that many of the branches outside the head office city are located in other cities where there are other branches and banks means that the number of towns redeemed from banklessness by these branches is *much less than might be supposed* (italics are mine) . . . From the experience in Maryland and Louisiana, it is clear that a mere permission to establish branch banks is no guarantee that banklessness will not exist."

Obviously, therefore, no branch bank will be organized or operated in a community if it must be done at a loss. The argument that there will not be bankless towns under branch banking is contrary to the facts and, therefore, without merit, although it has won many advocates to the cause of branch banking. Not much hope in that for the small business man!

(3) According to its advocates, branch banking would "increase the liquidity of the financial resources" of the country by making it possible to transfer funds between sections of the country. Not only could the idle funds of one community be transferred to meet the financial needs of another community, but, it is claimed, branch banking would enable banks to take advantage rapidly of any shift of population or business centers. It should be pointed out that funds can be transferred now between any sections of the country by means of the Federal Reserve banks, inexpensively and without delay. Furthermore, an independent unit bank with idle funds can invest it in many ways outside of its immediate community in commercial paper, bonds, etc. It is certainly not encouraging to the small business man on Main Street to know that an "absentee" board of directors of a parent bank may without notice and without consultation, decide that its funds can be more profitably invested elsewhere and transfer them accordingly, leaving him without the financial resources that mean life or death to his—in the opinion of the absentee directors—unimportant business.

(4) It is argued that, should it become unprofitable to continue the operation of a branch in a community, it could be closed without loss to any depositor. Such depositors, however, would be without a bank. Furthermore, under the F. D. I. C. depositors in a unit bank are now protected up to $5,000 each against loss should such a bank go out of business for any cause.

This argument is contrary, however, to the whole philosophy of branch banking, since it is implied that branch banks will be located in communities where it is unprofitable for a unit bank to function and that certainly a community would not be deprived of a branch bank even if it should be operating at a loss.

(5) The arguments that a system of branch banking can accommodate the legitimate borrowing needs of any customer is of little importance today. Even in the South, unit banks have been able to increase their resources in a most satisfactory manner. Southern industry can now look to Southern unit banks for the funds they need. Unit banks are eager to care for the legitimate financial needs of American businesses, large or small.

(6) The argument of the branch banker that an officer of a unit bank may be forced to make a loan against his better judgment because of the pressure brought to bear by friends, politicians, and others, is based upon the erroneous assumption that unit banks are manned by an untrained and unsatisfactory personnel. Experience has proved in the past twenty years that officers of branch banking systems are not as skilled in interpreting financial statements and in making safe loans as some persons have assumed. Many so-called secondary reserves proved to be a tragic mistake. Furthermore, the almost constantly changing personnel in a branch banking system is a definite handicap to patrons. A branch manager may be there one year and gone the next, and therefore, cannot come intimately in touch with the bank's patrons or with local business conditions.

(7) The basic argument in favor of branch banking is that it doesn't put "all its eggs in one basket." Diversification is possible; hence branch banking is safer and sounder. The author threw considerable light on this argument in his address in New York when he stated:

> "The small, independent unit banker knew from experience that the prosperity of the twenties was an illusion long before the crash came in 1929. Furthermore, he was fighting the battle alone, for there was no Reconstruction Finance Corporation to save him during those twelve bitter post-war years prior to 1932—there was no agency to lend him ninety million dollars as in the case of one banking system, or a hundred and twenty-five million dollars as in the case of another banking system, or whatever amount he needed to keep his doors open, when his assets became frozen. The Comptroller of the Currency did not race to his rescue. . . .
>
> "No system of banking can be better than the individual unit upon which it is based. It is for this reason that the unit banker is strongly opposed to the development of branch banking in this country. He is convinced that such a banking system will not make weak banks strong nor provide better security for depositors. For safety is primarily found in sagacity and integrity of management, which account for the fact that, despite the banking troubles of the preceding decade, there were thousands of small country banks more solid and safe when the depression was at its worst than some of the large city banks whose assets were enormous. The same is also true today.
>
> "Branch and chain banking in the United States may be credited with the greatest failures in our banking history since 1865. An editorial in the April 15, 1933, issue of the *"American Banker"* stated: 'The bitter truth revealed by a survey of the branch banks which have failed to receive licenses to reopen is that there are at least 19, controlling at least 494 branches, or 17% of the 2.800 branch offices in the country. The record must be faced. It should dispose forever of the propaganda that branch banks are any better under similar laws than unit banks, and moreover, it should be clear that an ambitious, unsound branch banker can precipitate a national scandal and bank collapse, as resulted from the Michigan situation, such as not a thousand unit bank failures could cause.'
>
> "It was the financial condition of the two big chain banking systems in Detroit that precipitated the banking crisis in Michigan—viz.: the First National Bank with 174 branches and the Guardian National Bank of Commerce with 58 offices.
>
> "In Ohio the crisis was due to the financial condition of the Guardian Trust Co. of Cleveland with 19 branches and the Union Trust Co. of Cleveland with 22 branches. In Maryland the financial difficulties of the Baltimore Trust Co. with 19 branches, and the Union Trust Co. with 18 branches, and in Louisiana the financial condition of the Canal Bank and Trust Co. of New Orleans with 20 branches and the Hibernia Bank & Trust Co., also of New Orleans, with nine branches, forced State-wide banking holidays. Add to these the failures of the $200,000,000 Bank of United States in New York, the $23,000,000 Peoples State Bank of South Carolina with 44 branches, the $19,000,000 North Carolina Bank & Trust Co. with 15 branches, and we get a picture that is not pleasant to behold, even though we omit a detailed enumeration of the other branch and chain banking systems that broke down in the recent depression. These facts refute the claim that branch banking will cause a cessation of bank failures.
>
> "Instead we have witnessed unscrupulous financial manipulations, stock watered to the nth degree, losses to stockholders and to depositors—a sorry story of financial mismanagement such as would not be tolerated or such as could not be possible in the organization and operation of unit banks. It must be stated also that many independent unit banks were forced to close their doors because of the collapse of large city banks in which they had deposits.
>
> "Only banks not members of the Federal Reserve System are examined by the F. D. I. C. and data regarding the proportion of bank assets which are worthless or doubtful have been compiled only for these banks. The annual report of the F. D. I. C. for 1935 (page 41) reveals the startling fact that for non-member banks the ratio of estimated losses and doubtful items to total book value of assets increases with the size of the banks. The average of these estimated losses in 1935 was 4.1%; for banks with deposits from $100,000 to $500,000 the average was 2.35%; for banks with deposits from $500,000 to $1,000,000 the average was 2.7%; but for banks with $1,000.000 to $50,000,000 in deposits, the average of estimated losses to total assets was more than 4.8%. This report of the F. D. I. C. (page 41) states: 'Large banks appear to have larger proportions of worthless and doubtful assets than do small banks.'"

The reply of the branch banker to this very unfavorable record is that his area of operation is not large enough. He wants authority to establish branches not only within a given State but anywhere within a given Federal Reserve district. However, since very little diversificatiion can be secured in several of the Federal Reserve districts, his next logical plea will be for branch banking on a nation-wide basis. In no other way can he attempt to prove the merits of his case. Thus he is forced to create the financial "octopus" he knows the American people will never permit or tolerate. At the same time he would be setting up an organization that is incompatible with the Federal Reserve System. Furthermore, it would be an organization that would make it easy for some political demagogue to destroy our system of free private enterprise by nationalizing the resulting "banking monopolies" and financial "octopuses." It is a price the American people cannot afford to pay.

The Government has already entered the field of banking on a competitive basis in too many ways. Many of these public financial agencies can and should be liquidated if we are going to avoid a collectivist economy. The system of free private enterprise can be adequately financed under proper Government supervision through the resources of our independent unit banks. Until the financing of the war absorbed some of their funds, their vaults were bulging with surplus deposits.

Just as our railroads are being taxed heavily to secure funds with which the Government subsidizes their competitors, so our unit banks are being subjected to taxes that are taking an ever-increasing portion of their income, which is used to subsidize competition that takes their business away from them on an unprofitable basis.

If Government competition destroys our railroads and unit banks, then I repeat—because it is so fundamental—our system of free private enterprise is doomed. It is for this reason that we should avoid any movement that may facilitate such a calamity. Hence let us strengthen our independent unit banks rather than follow a jack-o-lantern labeled "branch banking."

Chain and group banking have developed in some parts of the country, primarily as a means of evading legal restrictions against branch banking. It has been described as branch banking's "fifth column." "Both go hand in hand." Hence, the objections to chain and group banking are many times more serious than those against branch banking, since it can be an indirect means of setting up a financial "octopus" and securing a banking monopoly before the public is aware of its danger.

In view of the impressive growth of chain and group banking since 1929, the F. D. I. C. stated in its annual report for 1938:

> "*Holding Company Banking.* The Annual Report of the Corporation for the year ending Dec. 31, 1937, pointed out that by use of holding companies a single interest can operate offices in many different States and can operate a large number of offices or banks within any State regardless of existing restrictions on branch banking. Attention was also called to the effect of holding company banking upon bank practices.
>
> "'The holding company device facilitates self-dealing and concentration of lines of credit to related interests beyond the limits contemplated by law. The

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

52,714 SHARES

THE LIONEL CORPORATION

COMMON STOCK

(par value $10 per share)

PRICE $13.75 PER SHARE

The Prospectus may be obtained in any state in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such state.

GRANBERY, MARACHE & LORD

EMANUEL & CO. A. C. ALLYN AND COMPANY INCORPORATED

October 26, 1944.

Pensions And Social Security

Babson Discusses Effects On Investments

BABSON PARK, MASS.—Many businessmen and investors are becoming frightened at the thought of the huge pensions, etc. with which the nation will be burdened after the War. In fact, Harry L. Hopkins, the President's closest advisor, in the current issue of "American Magazine" calls also for more benefits and bonuses. Instead of suggesting a general tax reduction, he demands lifting all taxes from those in the lower brackets and increasing minimum wages to 50 cents an hour. Certainly, this will not encourage businessmen to enter new ventures and employ more people.

Roger W. Babson

Hedging Against Higher Wages

When the price controls and the excess profits taxes are removed, most businessmen can pass on a good portion of their taxes. This, however, cannot be done by those who have retired from active business except through a most careful selection of investments. What are the investments by which investors can compensate for these Federal expenditures for pensions, Social Security, relief, etc.? I believe that one answer lies with putting one's money into good merchandising stocks.

You see that people who are to get veterans or old-age pensions and, in fact, Social Security, will not save the money; but will immediately spend it at the food, variety and chain stores in the neighborhood. Hence, one way for investors to protect themselves is to own stocks in these stores. Instead of fighting pensions, benefits, Hopkins' minimum wages or Hillman's labor union rates, it may be safer in the end to let the politicians give this money to the people and then collect it back again through the stores at which they trade.

Buy Merchandising Stocks

But there are other reasons for buying good chain store stocks besides those above given. Consider the following:

1. Very few of these merchandising chains have bonds outstanding and a number have no preferred stock. I like best common stocks which are not preceded by either bonds or preferreds.

2. Many of the chain store stocks are selling for not more than their book values. If we are headed for further New Deal interference with business, book values are an important factor to consider.

3. Most of the chains rent their stores and, hence, are not tied down, like a manufacturing company or a large department store, to one spot. They can move when, as and if desirable.

4. These chains have a fairly low labor cost; but any wage increases will apply also to competitors. Hence, the labor expense is not an important factor.

5. A good merchandiser can liquidate quickly if necessary. Some of these merchandising companies might well be compared with a good bank or fire insurance company — as far as their assets are concerned.

6. If some State enacts taxes which are too severe, a chain can quickly move out of that State as leases become cancelable. I know of certain cases where they have started to move and the Legislature has repealed the taxes.

7. Merchandiers pass along Federal taxes by adding them to the price of goods. If there is not a profit in carrying certain merchandise, the stores will not carry such merchandise. In fact, I believe that most taxes are ultimately paid by those manufacturers or wage workers who are tied down to one locality, not by the storekeepers.

8. Various new inventions, processes and products are coming on the market after World War II. This will be beneficial to many industrial concerns, but will be harmful to many others. This is a problem, however, which the merchant need not consider. He is in a position to sell whatever the public wants, whether old or new, and by whomever it is manufactured.

9. The merchandising stocks yield well and most of them are listed. The chains cover large areas and many States. Hence, they give an important geographical diversification.

10. Merchandising stocks should not be harmed by inflation. Of course, in a bull market everything goes up, while in a bear market everything goes down; but after World War II we may not necessarily have either a bull or a bear market, but rather a selective market.

What Stocks to Buy

Don't write me to make selections for you. Here is a simple rule to follow: Make a list of the chains operating in or near the busiest corner of your city. Take the list to your banker and have him check those whose stocks are listed on the Big Board in New York City. Then visit and compare these stores yourself. Buy the stock of the store which you think to be the best operated. I think all will be in excellent financial condition. If you believe that two or three are equally well-operated, then divide your money among all of these. Diversification never harmed anyone.

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development of large banking organizations extending over many States and possibly over the entire nation involves a concentration of risk through the hazard of failure of important groups. Difficulties of examination and supervision multiply with the growth of banking organizations controlled by single interests.'

"The Corporation recommends legislation which will prevent further expansion of holding companies in the field of banking."

The author not only agrees with this but believes such legislation must be enacted without delay.

In view of the facts set forth in this discussion, it is difficult to see any justification for branch, chain, or group banking beyond the county in which the parent bank is located, or within a limited trading area.

Although improvement and progress are always in order in a dynamic society, it is equally important that we deal in realities and that we properly evaluate what is "progressive." Our independent, unit banks, functioning under our dual system of control, constitute the first line of defense of our democratic, American institutions. They are of vital importance to every business man on America's Main Street. The economic stability of our country —the welfare of our people—demand their preservation.

The confidence of our small business men in our independent, unit banks is evident from the fact that they do not fear their inability to borrow money after V-Day. In a report by the New York "Sun" of Aug. 3, 1944, their first five fears are listed as follows: "First place was held by fear of post-war bureaucracy and regimentation; second was inability to retain sufficient earnings to remain in business. A fear of economic dictatorship was third and concern over governmentally subsidized competition was fourth. The fifth fear was of politics remaining in business."

Obviously, our small business men are awake to their real problems and dangers. Our small business men—our independent, unit banks — both still venturesome pioneers — if protected from the dangers that can destroy them.

Attractive Situation

The common stock of Merchants Distilling Corporation offers interesting possibilities according to a memorandum prepared by A. A. Bennett & Co., Inc., 105 South La Salle Street, Chicago, Ill. Copies of this memorandum discussing the present situation and outlook may be had from the firm upon request.

W. L. Lyons & Co. To Admit F. P. Kemp

LOUISVILLE, KY. — F. Pennington Kemp will be admitted to partnership in W. L. Lyons & Co., 235 South Fifth Street, members of the New York Stock Exchange and other leading exchanges, on Nov. 1. Mr. Kemp in the past was a partner in the firm.

William L. Lyons, Jr., general and limited partner in the firm, will cease to be a limited partner effective Nov. 1, on which date Lewis G. Kaye will retire from limited partnership.

SEC, Mining Men To Confer In November

HELENA, MONT. — A conference of the Securities and Exchange Commission, western metal mining men, securities underwriters, and the investment commissioners of the 48 states has been called by Governor Sam C. Ford of Montana. The conference, which will take place at the Finlen Hotel, Butte, Montana, on Nov. 10 and 11, will be confined entirely to small mine financing.

Governor Ford is acting in conjunction with the governors of the 11 western states and South Dakota to carry out one of the mine financing recommendations unanimously adopted by the recent Western Governors' Mining Conference held at San Francisco.

The two new mine financing forms, which the SEC has recently released for approval of the mining interests, will also be discussed at the Butte conference.

Forming Scheffmeyer & Co.

J. Eldridge Scheffmeyer, member of the New York Stock Exchange, and John E. Scheffmeyer will form the partnership of Scheffmeyer & Co., with office at 26 Broadway, New York City, as of Nov. 3. Mr. J. Eldridge Scheffmeyer has recently been active as an individual floor broker; prior thereto he was a partner in Pollard & Co.

This advertisement is not and is under no circumstances to be construed as an offering of this Stock for sale or as a solicitation of an offer to buy any of such Stock. The offering is made only by the Prospectus.

NEW ISSUE

80,000 Shares

Liberty Aircraft Products Corporation

$1.25 Cumulative Convertible Preferred Stock

Par Value $20.00

Holders of the Corporation's Common Stock were given pro rata rights to subscribe to the above referred to shares of $1.25 Cumulative Convertible Preferred Stock under terms outlined in the Prospectus. Such rights expired at 3:00 P. M. Eastern War Time, October 23, 1944. This announcement relates only to 74,594 shares which were not subscribed for through the exercise of the rights.

Price $25.00 per share

Plus accrued dividends from October 1, 1944

Copies of the Prospectus may be obtained in any State from only such dealers participating in this issue as may legally offer this stock under the securities laws of such State.

E. H. Rollins & Sons
Incorporated

Van Alstyne, Noel & Co.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such securities. The offering is made only by the Prospectus.

NEW ISSUE

70,000 Shares

Tubize Rayon Corporation

4¾% Preferred Stock

(Par Value $100 per Share)

Price $103 per Share

plus accrued dividends from October 1, 1944
to date of delivery.

Copies of the Prospectus may be obtained within any State from the undersigned only by persons to whom the undersigned may regularly distribute the Prospectus in such State.

Kidder, Peabody & Co.

Union Securities Corporation

Riter & Co.

October 24, 1944.

War Finance Discussion Planned For Annual Meeting Of IBA At Chicago

A war finance discussion will figure in the 33rd annual meeting and War Finance Conference of the Investment Bankers Association of America which will be held at the Edgewater Beach Hotel, Chicago, on Nov. 26, 27, 28 and 29. In the discussion Ted R. Gamble, National Director of the War Finance Division, Treasury Department, will participate. Addresses by Alfred P. Sloan Jr., Chairman of the General Motors Corp., and by the Earl of Halifax, British Ambassador to the United States, are also scheduled, and besides the annual address by President John Clifford Folger, there will also be an address by a prominent speaker to be announced later. As was indicated in our issue of June 22, page 2581, Mr. Folger, who is head of Folger, Nolan & Co., Washington, D. C., has been nominated for reelection to the presidency.

The program of the convention as now outlined follows:

Sunday, Nov. 26—9 a. m., train arrivals; registration of delegates; 12:30 p. m., luncheon, Marine dining room; 6:45 p. m., get-together reception, West Lounge; 8 p. m., dinner, Marine dining room.

Monday, Nov. 27—10:30 a. m., committee meetings; 12:30 p. m., luncheon, Marine dining room; committee meetings; 2:30 p. m., first session of the meeting, East Lounge; address by President John Clifford Folger; certain committee reports; 6:45 p. m., get-together reception; West Lounge; 8 p. m., dinner dance, Marine dining room.

Tuesday, Nov. 28—10:30 a. m., second session of the meeting, East Lounge; meeting of the board of governors (open session); 12:30 p. m., luncheon, Marine dining room; address by a prominent speaker to be announced later; 2:30 p. m., third session of the meeting, East Lounge; certain committee reports; war finance discussion, Ted R. Gamble, National Director, War Finance Division, United States Treasury, will participate; 6:45 p. m., get-together reception, West Lounge; 8 p. m., dinner, ball room; address by Alfred P. Sloan Jr., Chairman General Motors Corp.; address by The Earl of Halifax, British Ambassador to the United States of America.

Wednesday, Nov. 29—10:30 a. m., fourth session of the meeting, East Lounge; certain committee reports; election of officers for 1944-45; induction into office of governors-elect; remarks by John Clifford Folger as incoming president; adjournment.

The announcement states that all reservations for rooms at the convention must be made through the Association, the headquarters of which are 33 So. Clark St., Chicago.

To Form Iseman & Co.

Harold M. Iseman, member of the New York Stock Exchange, Alfred Bruno Wolfe, and John W. Schulz, will form Iseman & Co. as of Nov. 3. Mr. Iseman has been acting as an individual floor broker.

Coming Changes In Distribution

(Continued from page 1811)

for work done and in accordance with the amount of work accomplished rather than for time. Incentive remuneration should result in greater production, greater take-home wages and at the same time no increase in unit costs.

Among the expenses in the distribution of goods the cost of wages comes first. If there are to be wage increases in the distributive trades such as suggested here, it seems inevitable that the costs of distribution will rise.

Under the free enterprise system management may never risk a departure from the effort to produce and to sell goods at lower and lower prices. It is well within probability that through the use of new materials and improved methods of processing, the costs of production may in many cases be reduced. There may also be some instances in which the costs of marketing may likewise be lowered. It seems inevitable, however, that overall costs of marketing will increase. People who do not understand may complain about these higher costs of marketing. It is a matter of common sense that a system of distribution that builds up national income and accompanying prosperity, even though the costs of marketing do increase, is much to be preferred to a low cost but inadequate system of distribution. If the various factors of distribution discharge their responsibilities effectively and so help to reestablish national prosperity we should not for the present at least be too greatly concerned about higher costs of marketing.

In conclusion, it is my conviction that through the free enterprise system post-war prosperity can be attained and maintained. I do not, however, wish to minimize the difficulties. That these difficulties can be overcome I have no doubt, but whether or not they will be overcome will depend upon the extent to which the American business public, including its managers and its employees, bend their good-will and their best efforts to the job ahead. The alternatives to a successful achievement are very dark indeed. I am bound to believe that there can be no half-way solutions. I believe that the free enterprise system must succeed affirmatively, brilliantly and continuously, or that it must give way to something else. I shall not attempt to describe, but will rather leave to your imagination, what the alternatives may be. What the outcome will be rests with business and, more particularly, with those engaged in the distribution of goods.

The free enterprise system can justify its existence and performance not only by producing abundantly, but also by distributing effectively and by paying workers proportionately to their services rendered and well. A nation's prosperity is made up of the prosperity and good living of its individual concerns and its individual workers. National prosperity will have been achieved when each unit and each worker will have done his job.

The Securities Salesman's Corner

By JOHN DUTTON

Don't Spread Your Efforts Too Thin

One of the traps into which even the most diligent and intelligent salesman can drift, is that he sometimes gets "too many balls in the air" all at one time, and tries to keep them there. It is the diligent salesman rather than the fellow who tries to take the short cuts, that is often plagued by having too many things to do, so that he doesn't know where to start first.

You can have too many ideas, too many prospects, and too many small clients that take up too much of your time in service calls that do not pay. In fact, you can have so many things to do that you can literally knock yourself out trying to do them. When you see such a situation arising, it's time to halt and CAST ASIDE WHAT IS UNESSENTIAL.

Have you ever seen the salesman's prospect file that is just piled high with cards upon which few, if any, consistent calls are being made? Or, how about the calls that are repeatedly made upon accounts that have never been productive? Instead of casting them aside and spending valuable time on other calls that could be productive — the old cards are kept. Then there is the salesman who tries to know everything about everything — it can't be done!

The securities salesman has two things to sell — his knowledge of his business and his time. There are only so many hours in a day. Therefore it behooves anyone who wishes to be successful in the securities business to USE HIS TIME and NOT WASTE IT. When the realization that wasted effort is being expended becomes apparent then the first thing to do is — CUT OUT TIME WASTED ON ACCOUNTS, PROSPECTS AND SALES IDEAS, THAT BRING SMALL REWARDS.

Keep the small accounts but put them on the mailing list; call them occasionally on the telephone and do your business with them by mail or phone. Go after the larger accounts where your time and effort expended will bring you rewards that are commensurate with the headwork you are putting into your job. Boil your work down to two or three essential selling ideas and stick to them. If you like special situations, pick out one or two in the low-priced range; one or two in the medium-priced range and specialize in them. If you have some accounts and prospects interested primarily in purchasing securities for income, here again pick out a few good ones and specialize. Stop jumping all over the lot — you can't sell all the prospects in your territory and you can't be offering a different security every day and at the same time know what you are doing.

As far as new accounts are concerned — prospect among those individuals, institutions, trust funds, estates, etc., where the larger account can be found. Take a plan, map it out, work it, follow through and make your TIME COUNT. One hour spent discussing securities with an investor who can see and talk in round lots and substantial sums for investment is worth several days of running around in circles looking for the small odd-lot buyers. The mark-up is so small in the securities business, the way to make it pay is to put in effort where you can take out the rewards. Short cut the small business — concentrate on the larger accounts.

GREAT NORTHERN RAILWAY COMPANY

NOTICE OF IMMEDIATE PAYMENT

Great Northern Railway Company has irrevocably directed The First National Bank of the City of New York to publish appropriate notices calling for redemption all of the bonds outstanding in the hands of the public of the following issues:

GREAT NORTHERN RAILWAY COMPANY
First and Refunding Mortgage 4¼% Gold Bonds, due July 1, 1961
On January 1, 1945, at 105% of principal amount
plus accrued interest to said date

GREAT NORTHERN RAILWAY COMPANY
General Mortgage 4% Convertible Bonds, Series G and Series H due July 1, 1946
On January 1, 1945, at 101% of principal amount
plus accrued interest to said date

GREAT NORTHERN RAILWAY COMPANY
Collateral Trust 4% Bonds, due serially to January 1, 1952
On January 1, 1945, at 104% of principal amount
plus accrued interest to said date

EASTERN RAILWAY COMPANY OF MINNESOTA
Northern Division First Mortgage 4% Bonds, due April 1, 1948
ASSUMED BY GREAT NORTHERN RAILWAY COMPANY
On April 1, 1945, at 105% of principal amount
plus accrued interest to said date

Holders of the above bonds may immediately obtain the full redemption price thereof, including accrued interest to the specified redemption dates, by surrendering such bonds with all unmatured appurtenant coupons to The First National Bank of the City of New York at its office No. 2 Wall Street, New York 15, N. Y. The above General Mortgage 4% Convertible Bonds, Series G and Series H, will continue to be convertible in accordance with their terms into Preferred Stock of Great Northern Railway Company until and including said redemption date unless paid prior thereto as above provided.

GREAT NORTHERN RAILWAY COMPANY
By F. J. GAVIN, *President*

St. Paul, Minnesota
October 3, 1944

Notice of Prepayment of

The Florida Southern Railroad Company

First Mortgage 4% Bonds
Due January 1, 1945

On and after November 1, 1944, holders of above-mentioned Bonds may obtain payment, prior to maturity, of the principal amount of said Bonds and of the interest coupon thereon due January 1, 1945, upon presentation and surrender of said Bonds and coupons at the office of **United States Trust Company of New York, Fiscal Agent, 45 Wall Street, New York 5, N. Y.**

Bonds registered as to principal must be accompanied by proper instruments of assignment and transfer in blank.

Atlantic Coast Line Railroad Company
(*Successor of*
The Florida Southern Railroad Company)
By F. D. LEMMON, *Vice President.*

Dated: New York, N. Y. September 13, 1944.

Plan of Reorganization of

SEABOARD AIR LINE RAILWAY COMPANY

To Holders of the Securities Named Below:

Seaboard Air Line Railway First Mortgage 4% Bonds, due April 1, 1950

Seaboard Air Line Railway Refunding Mortgage 4% Bonds, due October 1, 1959

Seaboard Air Line Railway Company First and Consolidated Mortgage 6% Bonds, due September 1, 1945

Seaboard Air Line Railway Company Three-Year 5% Secured Notes, Series A, matured February 1, 1931

Carolina Central Railroad Company First Consolidated Mortgage 4% Bonds, due January 1, 1949

Florida Central and Peninsular Railroad Company First Consolidated Mortgage 5% Bonds, matured January 1, 1943

Florida West Shore Railway First Mortgage 5% Bonds, matured January 1, 1934

Georgia and Alabama Railway First Mortgage Consolidated 5% Bonds, due October 1, 1945

Georgia, Carolina and Northern Railway Company First Mortgage 5% Bonds, extended at 6%, matured July 1, 1934

Seaboard Air Line Railway, Atlanta-Birmingham First Mortgage 4% Bonds, matured May 1, 1933

The Seaboard and Roanoke Railroad Company First Mortgage 5% Bonds, extended, matured July 1, 1931

The South Bound Railroad Company First Mortgage 5% (reduced from 6%) Bonds, matured April 1, 1941

Georgia and Alabama Terminal Company First Mortgage 5% Bonds, due December 1, 1948

Tampa & Gulf Coast Railroad Company First Mortgage 5% Bonds, due April 1, 1953

A Plan for the reorganization of Seaboard Air Line Railway Company has been approved by the United States District Courts for the Eastern District of Virginia and the Southern District of Florida.

The undersigned, appointed by said Courts as a Reorganization Committee to carry out the Plan, urge the immediate deposit of the securities above named with Chemical Bank & Trust Company, 165 Broadway, New York 15, N. Y., or with one of the subdepositaries named below, under a Deposit Agreement dated as of October 1, 1944, so that the Plan may be promptly consummated. Copies of the Plan and of said Deposit Agreement may be obtained from the Depositary or any subdepositary, or from the Secretary of the Reorganization Committee, or from Messrs. Georgeson & Co., 52 Wall Street, New York 5, N. Y.

Holders of certificates of deposit issued by the Committee representing Underlying Mortgage Bonds of the Seaboard System (all issues named above except the first four and the last one) or by the Committee representing Seaboard Air Line Railway Refunding Mortgage Bonds or by the Committee representing Seaboard Air Line Railway Company First and Consolidated Mortgage Bonds or by the Committee representing Seaboard Air Line Railway Company Three-Year 5% Secured Notes should not deposit such certificates with the Reorganization Committee. Said Committees have approved the Plan and holders of certificates of deposit issued by any of said Committees will be bound by the Plan unless they withdraw their deposited securities within the period specified in the notices now being published by said Committees.

Copies of a letter, proxy statement and form of letter of transmittal are being mailed to security holders whose names are known to the Reorganization Committee. **There are many security holders whose names are not known to the Committee. In order that you may be sure that you receive copies, please immediately cut out, fill in and mail the attached coupon.**

Dated New York, N. Y., October 24, 1944.

TRISTAN ANTELL, *Secretary*
40 Wall Street, New York 5, N. Y.
LEONARD D. ADKINS, *Counsel*
15 Broad Street, New York 5, N. Y.

OTIS A. GLAZEBROOK, JR.,
JOSEPH FRANCE,
CHARLES MARKELL,
Reorganization Committee

DEPOSITARY
Chemical Bank & Trust Company,
165 Broadway, New York 15, N. Y.

SUBDEPOSITARIES
The First National Bank of Chicago,
38 So. Dearborn St., Chicago 90, Illinois.

Mercantile Trust Company of Baltimore,
Calvert and Redwood Streets, Baltimore 2, Md.

Old Colony Trust Company,
45 Milk Street, Boston 6, Mass.

(Cut out, fill in and mail this coupon)

REORGANIZATION COMMITTEE,
Seaboard Air Line Railway Company,
Room 1206, 52 Wall Street,
New York, N. Y.

The undersigned owns $ of Bonds. Please send data on the Seaboard Air Line Railway Company Plan of Reorganization by return mail.

Name..

Address..
(City) (State)

Expects Protracted Prosperity After 1945

(Continued from page 1797)

the German war should continue in 1945 and war production continues we would have greater surpluses to dispose of."

"What would be the effect of this decline in Government spending and its consequent decline in consumer spending?" continued Mr. O'Connell. "It is estimated," he pointed out, "that income payments to individuals will total at least $150 billion for 1944 and if Government cutbacks run as high as 50% we could look for a decline of $25 billion in the income of individuals for 1945. In other words a national income of $125 billion."

Continuing his address, Mr. O'Connell asked "what effect will that have on personal income taxes? They, of course, will show a decline as income decreases. The $23 billion personal income taxes estimated for 1944 can very well drop to $15 billion or even less in 1945.

"What effect will this have on the psychology of the people? Unemployment will likely total 4,000,000 to 5,000,000 by the end of 1945. With the discharge of men and women from the armed services and from industry the total could well be from 7,000,000 to 10,000,000 unemployed. This therefore, presents a very serious problem and one which will take the best brains of the country to bring about a satisfactory solution.

"Many distributors are counting on war-time savings to support business during reconversion. Both manufacturers and distributors seem to believe that the war worker has been storing up almost unlimited resources.

"War-time savings are large. What effect will they have upon our war-time economy? The commonly quoted figure of these savings is somewhere in the neighborhood of $120,000,000,000. Who holds the greater part of these savings? If the millions of war workers in the lower income families hold most of it they would have a tremendous backlog of buying power. As a matter of fact they do not hold it. To a very great extent the greater part of these billions is held by the same families that generally receive the greater part of savings, families with incomes of $5,000 and upwards. It is estimated that families earning $5,000 or more hold somewhere between $40,000,000,000 and $45,000,000,000; families earning between $3,000 and $5,000 hold between $8,000,000,000 and $10,000,000,000; families with less then $3,000 a year, and who represent about 75% of the entire population, probably hold $7,000,000,000 to $8,000,000,000 out of the total savings of $120,000,000,000. While these are rough estimates, I think they are close enough for all purposes.

"What is the outlook beyond 1945? The economic trend will depend upon the liquidation of the war economy influenced, of course, by the ending of the Jap war. If the Jap war should end in six months after the German war it would result in a very sharp drop in Government spending and practically a total cancellation of war orders. If such should be the case it would cause serious disturbances coming, as it would, before industry had fully completed its reconversion program.

"If, as it is predicted, the Jap war should continue for 12 or 15 months, this would give industry a longer period to complete their physical task of reconversion and result in less unemployment."

Referring to the more distant future, Mr. O'Connell remarked that "looking beyond 1945 we should expect a rather protracted period of prosperity somewhat similar to that experienced in the twenties. The important factors leading to this prosperity period would be a great revival in building and replacement of consumers' durable goods which have not been available for two years or more. Such things as automobiles, refrigerators, washing machines, major appliances of all kinds, and home furnishings, new building and repairing of homes. Soft goods will probably show a decline, as a result of the following factors:

> "Beginning of layoffs and shutting down of war plants;
>
> "Reduction of premium pay due to elimination of overtime work;
>
> "Psychological effect of layoffs on those still employed, who will be fearful that they too may lose their jobs;
>
> "Desire to wait for fresher merchandise and newer items.

"Reconstruction goods for shipment to Europe will be an important factor in our post-war economy."

NOTICE OF EXCHANGE OFFER

To the holders of

CENTRAL PACIFIC RAILWAY COMPANY
First Refunding Mortgage 4% Gold Bonds, due August 1, 1949
(Guaranteed by Southern Pacific Company)

Central Pacific Railway Company has made an Offer of Exchange dated October 24, 1944, addressed to the holders of the foregoing bonds whereby, in accordance with the provisions of such offer, said bonds may be exchanged for a like principal amount of

CENTRAL PACIFIC RAILWAY COMPANY
First and Refunding Bonds, Series A,
(Guaranteed by Southern Pacific Company)

to be dated August 1, 1944, to mature August 1, 1974, to bear interest at 4¼% from August 1, 1944, to August 1, 1949, and thereafter at 3½%.

For terms of the new bonds and the provisions with respect to the exchange, reference is made to the Offer of Exchange, copies of which may be obtained at the office of

KUHN, LOEB & CO.,
52 William Street,
New York 5, N. Y.

and at the following offices of Southern Pacific Company:

Room 2210, 165 Broadway,
New York 6, N. Y.

Room 662, 65 Market Street,
San Francisco 5, Calif.

Room 1050, 310 South Michigan Avenue,
Chicago 4, Ill.

This notice does not constitute an offer to exchange bonds. Such offer is made only by the Offer of Exchange.

SOUTHERN PACIFIC COMPANY
CENTRAL PACIFIC RAILWAY COMPANY

Problems Of The Transition

(Continued from page 1795)

trial managements. The essence of the problems of transition lies in the degree to which we succeed in doing this.

Transition Will Be Prolonged

Actually the transition is likely to be a prolonged period. Just as the transition to war took many months and was a gradual process, so the transition to peace will take a long time. The Japanese phase of the war will last many months after Germany's defeat. It may last two years. As a result it is not possible as yet to talk about the transition to the final peace as any near term development. The immediate problems of transition will be those following the European phase of the war coming during the period while we are still fighting Japan. Additional problems of transition will come after Japan's defeat, but this may not be until 1947.

Estimates of post-war national income and other economic data are frequently made without reference to these war developments. Chances are that such estimates have little value unless they are intended to apply to the post-Japanese war period. If they are so intended, their value is greatly reduced, because of the time element involved.

A Hybrid Economy

It is far more practicable to speak of the transition to the hybrid economy which will develop during the year or two following Germany's defeat. The problems that will face us during 1945 and 1946 will be those of transition to civilian production in an economy still dominated by war. In fact, the transition to a civilian economy is already under way although on a very small scale.

These transition problems depend upon the economic conditions that will prevail during that period. It is possible to paint a picture in general outline of these conditions at present, but obviously such a picture is bound to be subject to error. The picture that I have in mind is based on the following assumptions:

(1) There will be at least a 50% cut-back in the output of munitions after Germany's defeat.

(2) The Japanese war will last until the end of 1946 or longer.

(3) There will be no immediate large scale attempts to support the economy by Government intervention. The emphasis will be on encouraging and supporting free enterprise.

Economic Conditions Likely to Prevail

Under those assumptions I foresee the following conditions during the years 1945 and 1946 presuming Germany's defeat within the next few months.

(1) A gross national product no higher than $130 billion as against almost $200 billion this year.

(2) Income payments to individuals no higher than $110 billion as against nearly $160 billion now.

(3) Income from farm marketings no higher than $14 billion as against more than $20 billion now.

(4) A declining trend of commodity prices and the cost of living.

(5) Unemployment of four million persons or more.

(6) A Federal Reserve Board Index of Production averaging about 160.

(7) Government revenues substantially below Government expenditures.

I shall not discuss these estimates in detail but will make the comment that they are worked out most carefully with an upward bias if anything. They suggest a lower level of business than generally assumed and accepted by many observers. Also remember that this is while we are still fighting Japan.

Within a few months after Germany's defeat there will be a sharp slump in production to a low point of about 140 to 150 in the Federal Reserve Board Index. This many be reached about 6 months after her defeat. Following this low point production should rise as civilian industries get going and large armament expenditures continue. The Federal Reserve Board Index may reach 160 to 170, during the following eighteen months while we are still fighting Japan.

Such a level of business would be regarded as a boom against pre-war standards. A large volume of civilian business would be super-imposed upon continued expenditures for war. This combination is equivalent to a high level of normal peacetime activity accompanied by huge Government expenditures.

Future Cannot Be Judged Against Pre-War Conditions

One might think that this picture would not bring "transition problems." Such a point of view does not make allowance for the changes that have been brought by the war. It is possible only to a limited extent to think of the next few years in terms of pre-war conditions. A pre-war boom level of business might easily be considered an unsatisfactory state of affairs after the war. It may prove true that a deflation from present conditions of the magnitude suggested will not be tolerated for long without important political and social repercussions. This may be particularly so if another downward adjustment of substantial proportions will follow Japan's defeat. Such an adjustment at that time seems inevitable.

The problems that will arise should be judged against this background. Certainly the widespread publicity given to post-war prospects of a boom and full employment are substantially at variance with the picture I have drawn. If actualities will be so much less favorable than expectations, a surge of disappointment might sweep the country.

The Most Important Transition Problems

The following are the most important problems that will arise against this background. There are nine of them.

1. **The Problem of Employment**—Unemployment, even while we are still fighting Japan, will be large enough to demand action on a National scale. Serious unemployment will develop in many sections of the country on a scale beyond the ability of local and state communities to deal with it. There will be a rush to start Federal and State public works. The question of the use of Government-owned plants for purposes of creating employment will be debated hotly. We are all aware of the aids that will be given returning veterans in the form of loans, bonuses, unemployment insurance, etc. The crux of the problem however, will be in giving present war workers jobs.

2. **Maintenance of Farm Income**—There will be great surpluses of agricultural products which will have to be disposed of. At the same time a sharp reduction will be required in the output of agricultural products despite the substantial quantities that will be shipped abroad. The net result will be a sharp contraction in farm income. This problem will invite continued and enlarged Government action to stabilize agricultural prices, even at the cost of billions of dollars. Such action is likely to be successful only in part. If successful, the effect will be to maintain agricultural prices that are not competitive on the world markets. This will act as a detriment to large scale exports of agricultural products. It will force the development of two price levels—one for our domestic market and one for exports. We will in effect subsidize our export trade.

3. **Disposal of Non-Agricultural Raw Materials**—There will be large surpluses of steel, non-ferrous metals and other raw materials that will have to be disposed of. Government stock-piling on a huge scale is bound to be resorted to and price regulations and controls will continue. Both Government and industry will be in favor of combating the deflationary effect of a free market in many of these commodities. A prolonged phase of the war with Japan would make the solution of this problem less difficult. There will be a sharp division of opinion as to the best policy to follow to protect the smaller and high cost producers. Government subsidies for such producers might be attempted even though they are uneconomic and wasteful. This is in line with a policy of assisting small business.

4. **Federal Income Taxes**—There will be a great deal of discussion of revamping our tax structure and reducing taxes. It will surely be difficult to reduce corporate or individual taxes if large deficits continue. The drive to aid private enterprise, however, will stimulate strong pressure for lower corporate tax rates even in the face of large deficits. A tax structure may be evolved giving corporations tax credits for a part of new capital expenditures and for venture capital. This, however, is not likely to be done until after Japan is defeated.

5. **Price Policies**—This is a field of thorny problems. These can be divided into two major categories, opposed in character. The first will be problems of pricing of commodities in excess supply. Demands will be made for the establishment of "price floors". The second will be problems of pricing scarce commodities, particularly consumers' durable goods and building materials. The Government will impose "price ceilings" probably at the 1942 or 1941 level. It will be much easier to maintain the ceilings than it will be to maintain the floors. In fact the ceilings may be necessary in most cases only for a short time because of the rapid increases in supplies and keen competition. The floors will be hard to maintain except through subsidies. They may become permanent.

6. **The Problem of Wage Rates**—Labor will demand the continuation of present or higher wage rates. A rigid wage structure seems almost certain. Under the pressure of an increasing labor supply wage rates will probably come down moderately even though the Government will not tolerate widespread wage reductions.

Prices and wage rates are intimately related. Lower prices and inflexible wage rates accompanied by much lower volume spells only one thing — a sharp contraction in profits and many losses. This will be the case at least for a while immediately upon Germany's defeat and despite the relatively high level of business that will prevail. The Government will then be faced with an even more delicate task. Control of prices and wages leads to control of profits. This leads to such delicate questions as return on capital, profit margins at various levels of production, competitive advantages and disadvantages and in effect the whole gamut of industrial financial and distribution problems of managements. This would be a hornet's nest for any Administration and for Congress.

7. **The Disposal of Government-Owned Equipment**—Considerable thought and publicity has already been given the problem of the disposal of Government-owned equipment in private plants. While a difficult problem, chances are that it will be solved successfully within a relatively short time.

8. **Foreign Trade**—Foreign trade is becoming one of the keystones to Government policy in the future. The trend will be to attempt to stimulate foreign trade on a huge scale as a means of supporting production and employment. This will be possible only by new methods of conducting foreign trade at variance with pre-war policies. First an assurance of peace and international cooperation will be required. Second, huge loans to foreign nations, to be repaid over a period of years. The Dumbarton Oaks Conferences and the Bretton Woods Conferences give the clue of the trend. Future foreign trade in many areas will be conducted largely under the control of their respective Governments or through foreign Government agencies cooperating with private capital of foreign countries. For the United States to develop an enormous increase in foreign trade, it will be necessary to develop policies to deal with our customers abroad within this framework. Otherwise foreign trade will be much less than Lend-Lease at the present time.

These are some of the principal problems that will arise as a result of the substantial deflation in business from present levels. They are problems largely resulting from surpluses. Now I shall discuss some problems of scarcities.

Problems of Scarcities—There will be a temporary lack of sufficient capacity in some industries. The automobile industry is the outstanding example. Here the problem involves the decision as to the desirable expansion of capacity to meet a temporary highly abnormal demand. The successful solution is not readily found. The industry will be asked to provide employment on a huge scale. The small and marginal companies will greatly increase their relative standing if the large companies hold back. The pressure will be great to over-extend capacity from a long range point of view. The answer is likely to be a compromise with production higher than ever within 12 to 18 months after Germany's defeat but still insufficient to meet the demand and therefore insufficient to eliminate the necessity for voluntary or Government sponsored price controls.

There might be a problem of lack of capacity to provide electric power equipment. The growth of the utility industry suggests that the return to normal shift operations in industry may strain power facilities. If large foreign orders should be superimposed on the domestic demand, the problem of insufficient capacity to produce electric power equipment might arise. Problems of scarcities will also develop in other industries but these examples will suffice.

Other Problems of Lesser Importance—There are many other problems that could be discussed. I am purposely leaving them out for several reasons. They are on the whole less important than the ones I have discussed. Many of them are subsidiary problems flowing from the larger ones. Others will not arise until after the defeat of Japan.

We will have financial problems arising from the cashing of war savings bonds. We will have political and social problems arising from keeping large armed forces on land, sea, and in the air fighting Japan or policing Germany while we at home are enjoying a boom in civilian production. We will have strikes and social disturbances, perhaps serious in some parts of the country.

Our Problems Can Be Overcome Successfully

Some conclusions stand out. Our problems will arise largely from surpluses. Surplus of labor, surplus of capacities to produce or surplus of raw materials. Our problems of scarcities will be minor and will be largely solved within a year or two.

The problems we face will be so large and difficult that it will become virtually impossible to rely on "free enterprise" to do the job without substantial and continuing Government controls and intervention. This is not a rosy prospect for those who want "Government out of business." It is far better, however, to recognize the facts as they are and to make the best of them than it is to hide one's head in the sand. Cooperation between industry, labor and Government can be developed which will assure us a satisfactory solution of these problems. Policies can be designed both in our domestic and foreign affairs which will be of great aid in softening the deflationary trends that will descend upon us. If such cooperation and policies should materialize, we can overcome these problems. If not, we will run into stormy weather. We are faced with a crucial period ahead. Only time will tell the outcome.

Central Pacific Ry. Gives Exchange Offer

The Central Pacific Ry. Co., a subsidiary of the Southern Pacific Co., announced Oct. 23 an offer whereby holders of $50,000,000 of its $88,211,000 outstanding first refunding mortgage 4s, due in 1949, may exchange them on an even basis for newly-created first and refunding series A 4¼% bonds due in 1974. If tenders do not attain the $50,000,000 limit, the plan may be declared operative by the company on the basis of the lesser amount of exchanges.

The offer will terminate whenever the tenders attain the $50,000,000 figure, or on Nov. 15, whichever date is earlier. Kuhn, Loeb & Co. heads a nation-wide group of banks and brokers for the solicitation of exchanges under the plan, which is part of Southern Pacific's long-range program of debt reduction.

All bonds due in 1949 that are exchanged under this plan will be deposited under the new mortgage and, in addition, there will be pledged initially $8,119,500 principal amount of like bonds, most of which were acquired recently by the Central Pacific.

E. H. Rollins Offers Liberty Aircraft Stock

E. H. Rollins & Sons, Inc., and Van Alstyne, Noel & Co. head an underwriting group that offered Oct. 24 the unsubscribed portion of 80,000 shares of Liberty Aircraft Products Corp. $1.25 cumulative convertible preferred stock of $20 par value. The price is $25 a share plus accrued dividend from Oct. 1.

Owners of common stock of the company received prior rights to buy the preferred at $25 a share at the rate of one share of preferred for each 3½ shares of common held on Oct. 7. This offer expired Oct. 23.

Net proceeds from sale of the stock will be applied to repayment of a $1,000,000 loan from the Marine Midland Trust Co. made on July 24. The remainder will be added to working capital.

Each share of new preferred is convertible into two shares of common stock, subject to adjustment in the conversion rate.

Post-War Depression?

(Continued from page 1797)

during the cyclical advance and decline in business activity from 1915 to 1921:

Stock Prices (Dow-Jones Industrials)

Pre-War — 1915 low, Feb. 24: (close) 54.22.
High—Nov. 3, 1919: (close) 119.62.
Low—Aug. 24, 1921 (close) 63.90.

Rediscount Rates (Federal Reserve Banks (New York and Boston)

Pre-War—Rates prevailing, 1915-1919, 4 to 5%.
High—Jan., 1920, 6%; June, 1920, 7%.
Low—Rates prevailing, 1921-1922, 6½% to 4%.

Industrial Production: (Federal Reserve Bank Index)

Pre-War—1912-1915 yearly average: 55.
High—Feb, 1920, 82.
Low—April, 1921, 55.

Employment (Bureau of Labor Statistics)

High—March, 1920, 115.6.
Low—Feb., 1921, 81.7.

Payrolls (B. L. S.)

High—March, 1920, 125.4.
Low—July, 1921, 71.6.

Wholesale Commodity Price (B. L. S.)

Pre-War—1912-1915 yearly average: 69.
High—May, 1920, 167.2.
Low—June, 1921, 93.4.

It will be noted that stock prices, after a 120% advance from the 1915 low closing, successfully discounted danger ahead by turning downward from the high of 119.62 on Nov. 3, 1919. By May of 1920, when wholesale commodity prices turned downward, stocks were already in the lower 90's and headed downward toward a final low of 63.90 in August, 1921.

In January, 1920, the Federal Reserve Banks of both Boston and New York raised their rediscount rates abruptly from 4¾% to 6%, and a further rise to 7% followed in June. This led to drastic restrictions of credit by commercial banks which further aggravated an already bad situation.

Industrial production started downward early in 1920. The index fell from 82 in Feb., 1920, to 55 in April, 1921, a drop of 33%. Despite extremely adverse conditions, however, it did not crack its pre-war average.

Employment started tumbling from 115.6 in March, 1920, to 81.7 in Feb., 1921; and payrolls from 125.4 in March, 1920, to 71.6 in July, 1921.

Then in May, 1920, wholesale commodity prices started their fall. Note that the index had added no less than 142% to its pre-war average of 69, and registered its high in May, 1920, at 167.2. From this peak it went into a gruelling month-by-month decline to 93.4 in June, 1921, a collapse of 44%. War demand had ceased. Shortages in both consumer and capital goods were apparent, but the demand was not sufficient to support the highly inflated price levels and extended credit of the day.

The business mortality which followed was high. Manufacturers saw about 40% of their liquid inventory values fade to zero in a year. Commercial failures (Dun & Bradstreet's) in the four years, 1917-1920, averaged $188.7 million, whereas in the succeeding four years, 1921-1924, the average climbed to $583.3 million.

Falling stock prices had merely represented investors' readjusted opinions of corporate values. The advance of the rediscount rate had signalled the Reserve Banks' opinion that it was time to curb a too rapidly expanding credit structure which, in turn, was financing an inflated commodity boom. Buyers of goods had become cautious or had taken to the sidelines entirely. The start of the declines in production, employment and payrolls had come naturally enough under the circumstances.

Finally the collapse in commodities came which was the real storm-center. It is safe to say that the real cause of the whole business depression was this drastic decline in commodity prices. Similar periods of price collapse and industrial depression had taken place at the end of, or closely following the Civil War and the War of 1812.

Further diagnosis plainly points to the condition which made possible the commodity price collapse. The evil seeds of the collapse were sown in the years of the vicious jump from 69 to 167. To be sure, the action of the Reserve Banks both presaged and precipitated the downward turn in commodity prices; but if the action on the rediscount rate had not been taken, the inevitable break in prices would have been delayed, only to take a nose-dive from still higher levels and with immeasurably more tragic results.

It is easily apparent that many conditions are strikingly different today from those of World War I. In the years immediately preceding the present war, 1935-1939, the wholesale commodity index averaged 80.5. Because of the accumulated obsolescence and shortages of goods prior to this war and the colossal demands for war production, there has been more reason for commodity prices to boom upward than at the time of World War I. Actually, however, the index has risen from 80.5 to the present level of 104, or 29%. The 142% boom of the last war covered about four and one-half war and post-war years. In the present war we have already had four years of tremendous war production, but a price advance of only 29%, the unmistakable effect of price ceilings.

True, there are still many months of war ahead, with the post-war years and their special problems still later. Exactly what will happen with prices cannot be predicted, but the case has been amply proven that prices can be held down during a war economy. As to the post-war years, if jobs are to be had and large amounts to be taken in taxes, industry must prosper. Industry requires a free, or nearly free, economy to prosper. But speculative commodity price booms are by no means a necessary accessory to business prosperity, as is plainly shown in the prosperous years, 1921-1929. During this period the yearly average of the wholesale commodity index moved upward from 97.6 in 1921, to 103.5 in 1925, and then actually eased off to 95.3 in 1929. In the same period industrial production climbed almost steadily from the yearly average of 58 in 1921 to 110 in 1929.

If it is correct to conclude that the real cause of the 1920-1921 depression was the drastic collapse in commodity prices and that the seeds of the collapse were sown in the years of the preceding speculative boom, then it must follow that had the boom not occurred, the resulting collapse would not have followed.

There are many business and financial problems ahead of us to be solved, and still others may arise. It becomes plain, however, that any cause for a post-war business depression similar to the last war and stemming from a commodity price boom is simply not in the making. There has been no boom in commodity prices and, so far, there is no apparent reason to expect one. A period of some price readjustment may well occur when the present war demand is over, but industry can, and frequently does, take an orderly downward price readjustment without harm to industrial prosperity.

W. M. Brock Nominated For Pres. Of U. S. Savings And Loan League

W. Megrue Brock, Dayton, Ohio, internationally prominent leader in savings and loan activities, was placed in nomination this week for the presidency of the United States Savings and Loan League, which will elect its 1945 head at the annual meeting in Chicago, Nov. 13-15. President of the $30,000,000 Gem City Building and Loan Association of Dayton, which he has served for the past 40 years, the prospective new President of the organized thrift and home financing business in the country, is a member of the Council of the International Union of Building Societies and Savings and Loan Associations, and was a delegate to the last international congress of the business, held in Zurich, Switzerland, six years ago.

W. M. Brock

Henry P. Irr

For Vice-President of the League the Nominating Committee names Henry P. Irr, President of the Baltimore Federal Savings and Loan Association.

The Nominating Committee's report went to the 3,586 member savings and loan associations, cooperative banks and State organizations which compose the 52-year-old United States League. It points out that Mr. Brock, who has been serving as First Vice-President this year, has been active for more than a decade in the organization work for the business, and that Mr. Irr, this year's Second Vice-President, is active in post-war advisory capacities to the State government in Maryland.

Mr. Brock has been Vice-Chairman of the board of directors of the Federal Home Loan Bank of Cincinnati since 1936, and has been a member for some years of the statutory advisory group, the Federal Savings and Loan Advisory Council, having served as Chairman last year.

In the United States League he has served on the Executive Council, the Committee on Trends, the Constitution Committee, and has been Chairman of its important Committee on Economic Policies and of the Insured Institutions Committee. He was President last year of the Ohio Savings and Loan League, and had served on the principal committees of that State organization.

His civic leadership in Dayton includes the treasurership of the Wilbur and Orville Wright Memorial Commission; vice-presidency of the Dayton Community Chest; directorship of the Dayton Better Business Bureau, and chairmanship of the endowment fund of the Dayton Art Institute. He entered the employ of the Gem City Building and Loan Association as a teller in 1904 and has received successive promotions which placed him in the chief management responsibility in 1931.

Marked Growth Of Savings And Loan Associations Reported

CHICAGO—One out of every four of the savings and loan associations and cooperative banks with more than $5,000,000 in assets gained $1,000,000 or more apiece during the first half of 1944, the United States Savings and Loan League reported. Morton Bodfish, Executive Vice-President, said that 55 out of the 217 member institutions of the League in this group made gains of this size as compared with 19 for the same period the previous year. The growth reported among these institutions breaks all records of the past 15 years.

Morton Bodfish

Altogether, 200 out of the 217 increased their assets, and 30 institutions moved up into the over-$5,000,000 group during the first six months. There are now 69 member institutions of the League with more than $10,000,000 in assets and this is the longest list of these since 1930.

The most spectacular gain of all, that of the Coast Federal Savings and Loan Association, Los Angeles, was a net addition of $8,450,758. Gains of more than $4,000,000 each were chalked up by the First Federal Savings and Loan Association of Detroit, and by the Carteret Savings and Loan Association of Newark, New Jersey.

Largest institution of the savings and loan type in the country continues to be the Perpetual Building Association, Washington. D. C., which has shown a steady growth in and out of depression reaching $63,694,089 as of June 30, 1944. Holding its place as second in rank among the League's member institutions is the Old Colony Co-operative Bank, Providence, Rhode Island, which had $41,261,095 at mid-year.

Geographical distribution of the over-$5,000,000 associations and cooperative banks is the widest it has even been, Mr. Bodfish pointed out. There are institutions at least this large in 35 States. At the previous pre-depression high mark of savings and loan growth, the more-than-$5,000,000 institutions were located in just 31 of the States. Connecticut, Florida, Georgia, North Dakota, Tennessee and Vermont are among the States which now have institutions in this group and did not have them at the close of the 1920's.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

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SEC Commissioners To Be At Mining Meeting

Commissioners Sumner T. Pike and Robert O'Brien, Baldwin B. Bane, Director of the Securities and Exchange Commission Corporation Finance Division; John L. Geraghty, Denver Regional Administrator, and Day Karr, Seattle Regional Administrator, will represent the Securities and Exchange Commission at the Western Governors' Mining Conference to be held in Butte, Mont., on Nov. 10 and 11.

The meeting called by Governor Sam C. Ford of Montana will discuss problems involved in financing mining enterprises.

The Business Man's Bookshelf

How We Live—Fred G. Clark and Richard Stanton Rimanoczy—D. Van Nostrand & Co., Inc., 250 Fourth Ave., New York City—cloth—$1.00.

Your Stake in Community Planning—National Committee on Housing, Inc., 512 Fifth Ave., New York 18, New York—paper.

Your Servant the Molecule—Walter S. Landis—The Macmillan Co., 60 Fifth Ave., New York, N. Y.—cloth—$2.75.

R. L. White & E. J. Platts With Clifford J. Murphy Co.

PORTLAND, MAINE — Raymond L. White and Everett J. Platts have become associated with Clifford J. Murphy Co., 443 Congress Street. Mr. White was formerly with Goldman, Sachs & Co. and prior thereto conducted his own investment business in Portland under the name of White & Co.

Attractive Investment

The Public National Bank and Trust Company of New York offers an attractive investment, according to a memorandum on the Sept. 30th, 1944 statement of the bank, which is being distributed by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Compulsory Military Training In Peacetime For America?

(Continued from first page)

Catholic Prelate Opposes Program

By REV. CYRIL F. MEYER C.M., Ph.D.*

answer of those who are lining up behind the Gurney-Wadsworth Bill (H. R. 1806) and the May Bill (H. R. 3947). Both of these bills have the same objective, namely, to impose on our American boys one year of military training. The proponents of these bills urge their passage on the plea that this year of peacetime compulsory military training will keep us out of another war. If I were convinced for one minute that the only way we could keep out of a future war would be to pass this bill, I would preach from the housetops for its passage. But I am not at all sure that this is the right answer.

What makes me very doubtful are the arguments which are advanced in favor of this legislation. Some of them miss the point completely. Others touch the point, but do not appear convincing. Let's take a look at those which really do not relate to the issue. Remember, the real issue is whether or not the future safety of America depends on this year of compulsory peacetime military training. The arguments which I consider irrelevant may be reduced to these: (1) the physical fitness argument, (2) the discipline argument, (3), the use of facilities argument.

The physical fitness argument runs like this: Statistics show that about 25% of our boys were not physically fit to enter the armed services. A year of compulsory military training would correct this unfortunate condition. The argument fails to mention that many of the reasons for rejection were organic troubles that no year of military service could correct. But, aside from that, we have already in our elementary, secondary schools and colleges, facilities for physical education. Why not expand these, if necessary, and insist that especially in our high schools, the boys are taught skills which will make them good fighters later on, if they should be needed? The Government has enough to do without running a gigantic physical fitness program.

The discipline argument points with pride to the products of military training: "See how responsible the Army and Navy makes men! It gives them a stability of character which the schools were never able to do." Personally, I question the fact. The discipline of the Army is the discipline imposed by authority. If you don't do what you are supposed to do, you get a dose of K.P. or worse. There is not a great difference between the discipline of Sing Sing and that of the Army. If we hark back to the post-war period of World War I, do we find these noble products of military training edifying the rest of us by their "stability of character"? If my memory serves me well, I think that most of the boys were so delighted when the discipline of the Army was removed that they really went to town and made "whoopee." We don't want that kind of discipline. What we do want is self-discipline based on a man's appreciation of his relation to his community and springing from his willingness to make a contribution to the democracy in which he is fortunate enough to live. And it is not Uncle Sam's job to teach that kind of discipline. That is your job who are mothers. The discipline suited to a democracy starts in the home and is aided by the Church and School. If the Government is smart, it will not barge into the home where it does not belong. There are many Americans who think we have too much governmental nosiness, as it is.

The third argument professes alarm at so many buildings which will be idle after the war is over. Why let this equipment go to waste? We built camps, and schools, etc., and now they will be white elephants. My answer to all this is: "So what?" For 12 years we have been spending money like a drunken sailor, and now we are supposed to become excited about the waste of a billion or so. Why all the excitement? In this era a billion dollars is only "chicken feed." As a matter of fact, these buildings could be sold or put to some other use. I see no sense in urging military training just to use the buildings. One might just as sensibly argue that because Mr. Jones bought a crutch to help his son Jimmie who twisted his ankle in a football game, now that Jimmie's ankle is healed, he should twist his other son's ankle, so that the crutch could be used.

Putting aside these irrelevant arguments which are so much padding to create the impression that the reasons for compulsory military training are overwhelming, our main objection to this legislation pending in Congress is that it is definitely a rejection of the American tradition of a voluntary peacetime army and navy. We have always gone on the principle that "a willing worker is better than a forced worker." If we need, for purposes of national security, a larger peacetime army and navy than we had before the war, let us have them by all means. But what is the matter with expanding our present Reserve Officers Training Corps at colleges? What is wrong with making enlistment in the services attractive? What is wrong with "selling" army and navy careers to those who are interested? By what title do the proponents of this measure assume that the ONLY way to secure national safety is by this compulsory military training? Why should we reject a good method that has worked in the past, when there is absolutely no proof that it will not work in the future?

Another reason why I do not like this measure is that I believe it will create a definite military caste in this country. We shall find ourselves facing this paradox. While we seek to protect democracy from attacks from without, we shall slowly be undermining it from within. And I might ask: Against whom do we need this gigantic pool of manpower? Against Germany? Against Japan? Hardly, if we keep our threats to make sure that these countries will not be in a position to wage war for many, many years to come. Then against whom? The answer should come from the proponents of this measure, because I don't know the answer.

Before I close I would like to ask two questions of the proponents of this measure. Why is it that it is not an issue in this present campaign? We are being asked to vote for the return to Congress of many men and we should know how they stand on this matter. Are we to return them to Washington uninstructed? If we do that, then the might consider that we have given them a "mandate" to reach into our homes and take our boys for a year of military training. Why don't they declare themselves? I should like to know how Senator Wagner and Senator Meade stand on this measure.

The second question is this: Why all the hurry? There are roughly 11,000,000 Americans in the armed forces who know a lot more about real war than our Congressmen. These boys have faced hunger, exhaustion, strafing and murderous machine-gun fire. If this measure becomes law, it will affect not them, but their sons. Do they want their sons to receive this training compulsorily? At least we should have the decency to give them a chance to answer the question. They won't like it, if they come back to find that we have passed this law, just like we passed the Prohibition Amendment, when they were out of the country. There is no need at all to rush this bill through Congress. Wait until the hysteria of war has subsided, when our heads will be cooler and our judgment keener.

There is one thing we should remember. The members of Congress are sensitive to the attitude of their constitutents back home. If enough people let their Congressmen know that they definitely oppose this measure, I don't think they will risk the loss of reelection by voting for it. In the last analysis, if this bill becomes a law, it will be nobody's fault but our own.

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*An address made by Rev. Dr. Meyer at the luncheon of the New York Assembly of the Catholic Daughters of America, Hotel Pennsylvania, Oct. 12, 1944.

Universal Training What Kind?

By DR. HARVEY N. DAVIS*

fects on our colleges of the measures that as citizens we feel bound to accept and even to advocate.

As citizens we must, I feel, recognize the absolute necessity of universal military training for some time to come as insurance against possible disaster. I fervently hope that out of this war there will emerge some form of world organization that can enforce lasting peace. I also hope and trust that the United States will not again be afraid to play its appropriate part in such a world organization. But, nevertheless, I do not believe that the millenium is just around the corner. Institutions of this sort mature slowly. It may take a generation or several generations to forge a world organization that can be depended upon to keep the peace internationally as effectively as a local police force keeps the peace within its own bailiwick.

For Women as Well as Men

In the meantime, in these days of air-power, we may some time have to mobilize for our own defense far more quickly than we did this time. I am, then, ready to accept the necessity for some form of universal military training as a premise of this afternoon's discussion.

I am even ready to accept as a premise that "universal" means that young women as well as young men should be included, the women being traianed for such military duties as are now being performed by the Wacs, Waves, Spars, and other groups of women now serving, including the training of appropriate contingents of airplane spotters, nurses aides, canteen workers, and the like, even though some of these are services not now performed by women in uniform; though I shall not press this point today.

As a citizen, however, I feel strongly that we should proceed with utter singleness of purpose to the accomplishment of the end in view which is to provide for adequate national defense in an emergency. I have no sympathy whatever with the suggestion that perhaps we can combine a period of "national service," whatever that may mean, with the proposed period of military training. I heartily agree that the C. C. C. camps of the great depression were an admirable form of relief and that they did much good both to those who went to them, and to the areas in which they worked. But I have no sympathy whatever with the suggestion that every young man in the country should be compelled by law to go to a C. C. C. type of camp for all or a part of a period of military training for national defense, just so that some of the trainees may learn some forestry on the side.

Federalized Education Opposed

And finally, I am not in sympathy with the suggestion that a considerable part of a period set aside by law out of the lives of young men for military training shall be devoted to general education by means of "courses that will be accepted for credit by any school or college in the country," the quotation from a recent newspaper article being from memory and therefore not guaranteed as to wording. This would mean federalization of education on all levels with a vengeance. I believe in leaving education to the educators just as I believe in leaving military training to military men. The only education other than of a strictly military sort (including physical education) that should be included in a period of universal training is such literacy education as may be necessary to enable every man to receive and to transmit orders and other military information accurately and intelligently.

For Intensive and Expeditious Training

My first plea, both as a citizen and as an educator, is, then, that any period that may be demanded by law of every young man for universal military training be devoted, with singleness of purpose, to that training, and to that training only, that that military training be given as intensively and as expeditiously as possible, and that the young men be returned to civil life with as little delay as possible as soon as the minimum requirements of national security are accomplished. Let us not countenance the mixing of a lot of Federal dispensing of sweetness and light with the stern job of preparing to defend ourselves if and when we have to.

All this raises the question of how long a period of universal basic training needs to be. The various sweetness-and-light suggestions mentioned above, which have come from people in high places, are tacit admissions of the fact that the full year commonly talked about is considerably longer than is absolutely necessary for any strictly military purpose. There is also other evidence to the same effect.

Early last spring, in Washington, when fighting for certain plans that might have provided a more adequate supply of technically trained men for the war industries, I prepared a memorandum in which I mentioned what I supposed to be common knowledge to the effect that it takes a year to train a new recruit for combat service. The first man I showed my memorandum to immediately said, "The Army claims it can now train combat replacements in four months."

It is also a well known fact that Navy recruits not selected for advanced specialist training are now being sent directly into the fleet after only ten weeks at boot camp, and that, in certain periods of stress, recruits have been sent into the fleet after as little as seven weeks of basic training.

Is a Full Year Necessary?

In the light of these facts why should the armed services now be asking that a full year of universal basic training be required by law of every able-bodied young man? We civilian educators have heard much lately about the new and highly efficient educational processes devised by the armed services for getting quickly and effectively into the heads of draftees what they *have to know*. We have been duly impressed. We have also been galvanized into active soul-searchings as to what we can and should learn from our military colleagues about doing our own regular jobs more effectively. But may we not at the same time expect the armed services to continue to do in time of peace under a universal military training plan as good a job as they are now so proud of doing in time of war?

In considering whether such a suggestion is reasonable, we should, I think, distinguish sharply in our thinking between three different kinds of military training, namely the training of the rank and file, the training of non-commissioned specialists, and the training of commissioned officers. Let us consider them in turn.

Training Rank and File Main Job

The training of the rank and file will necessarily be the major job, and, I personally think should be the sole job of any scheme of compulsory universal training. The essential things to be taught are physical fitness, a knowledge of the ways of an army, familiarity with and some measure of proficiency in the use of the basic weapons of foot soldiers, and, above all, morale which means self-discipline and the understanding and acceptance of military discipline generally. That is about all that one can hope to impart to all and sundry of our citizenry in time of peace as preparation for a war that may be years away. It would be foolish, once peace has returned, to train everybody in the details of modern mechanized warfare, because those details will change from year to year. They are changing now almost from week to week. But the fundamentals do not change. They are all that it will pay to try to impart in time of peace. I believe that they could be effectively imparted in four months, and that that ought to be the limit of what is required by law of everybody.

Commissioned Officers

At the other extreme are the commissioned officers. They, like everybody else, would have their basic training in the regular way. Then they could well be further trained in an enlarged West Point and an enlarged Annapolis, in special Army and Navy schools for turning selected enlisted men into officers, in State militia organizations, and to such an extent as may be necessary, in R. O. T. C. units in the colleges. Officer training does not seem to present a problem that needs to be solved, or could be solved, through a scheme of compulsory universal training.

Non-Commissioned Specialists

Finally, there are the non-commissioned or petty officer specialists that our contemplated civilian army and navy ought to have in reserve. In some specialties another four months (or even less) of specialized training beyond the suggested four months of basic training would suffice. In other specialties eight or ten additional months would be needed. Let us assume that the Army and

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*An address made by Dr. Davis before the New Jersey Association of Colleges and Universities at Seton Hall College, South Orange, N. J., Oct. 12, 1944.

Navy continue to give under universal service the specialized training they are now giving. Let us assume that during the last month of the basic training the better men are invited to volunteer for this or that period of advanced training in a specialty. Let us assume that the pay and allowances are appropriately higher than during the universal basic training. Let us assume that a man passing a specialist course has a permanent right to higher pay and greater responsibility if and when the civilian army is mobilized. And finally, let us assume that in many specialist courses a man could learn a trade useful in civilian life. I have no doubt whatever that under these circumstances, an ample supply of non-commissioned specialists could be trained, year after year, on a completely volunteer basis.

Should Not Affect Schools and Colleges

Such a compulsory universal service plan as this would not seriously affect any of our schools or colleges. It would, I think, be best, both for the armed services, and for the schools and colleges themselves, that each man enter universal service on or as soon as possible after his 18th birthday, except that individuals in high school or college might ask for deferment to the end of the term or semester in which their birthdays fall. This would keep men of an age together in basic training, would ensure a fairly steady flow of men into the training, and would get the training in early enough in each man's life to make it easy for him to go on into such advanced military training as appealed to him.

If some such plan as this appeals to you, what if anything, do you think we here can or should do about it?

"Unconditional" Surrender Plan Costs Lives Of U. S. Soldiers, Says Landon

President Roosevelt's foreign policy — "unconditional surrender" — is costing the lives of untold numbers of American soldiers, Alfred M. Landon told a Republican meeting at Sabetha, Kansas, on Oct. 24, according to an Associated Press dispatch from there on that day, which added:

"Unconditional surrender," Mr. Landon asserted in his prepared address, "has never been defined. Everyone is entitled to draw his own conclusions, including the Germans.

"Strangely, our American broadcasts to the Germans themselves are more specific and make a lot more sense than what Mr. Roosevelt is willing to say to the American people.

"Our official broadcasts overseas make it clear, over there, that we are not fighting Germans because they are Germans, but because they support a system that threatens us."

The 1936 Republican Presidential nominee brought Secretary of the Treasury Henry Morgenthau, Jr., into his talk, declaring:

"To pile blunder on blunder we have the most unbelievable proposal of Morgenthau to destroy every German factory and turn Germany into an exclusively agricultural country.

"We see Mr. Roosevelt lending weight and emphasis to the Secretary of the Treasury's proposal by taking him to the last conference in Quebec with Churchill and leaving the Secretary of State at home.

"We have a tough enough job for our soldiers to crack the final shell of the fanatical German resistance without Morgenthau firing them anew with the desperate courage of despair. The war in Europe has been prolonged by Morgenthau's folly."

"We must face the facts," Mr. Landon added. "Instead of a hard-boiled hoss trader, Roosevelt is like the sap that is always grabbing for the check."

Mr. Landon said future war or peace was being decided in the European arrangements — more than at Dumbarton Oaks. "Yet, Mr. Roosevelt has retreated to the isolationism which was the policy of his administration from 1932 until after the 1940 election, and which encouraged the aggressions of Hitler. He is holding himself aloof from the decisions in Europe."

Interesting Racing Issues

The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., have issued a bulletin of comment on racing association securities, indicating which of a list of 16 appear to offer the greatest attraction. Copies of this bulletin may be obtained from The Bankers Bond Co. upon request.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Carl B. Joel** has been added to the staff of **H. P. Wood & Co.**, 75 Federal St.

(Special to The Financial Chronicle)

GREENSBORO, N. C.—**Earle G. Warmath** is with **Equitable Securities Corp.**, Jefferson Standard Building.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Harold B. Marr** is with **Broad Street Sales Corporation.** Mr. Marr was previously with Hill, Richards & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL. — **Siegfried A. Schmidt** and **Augustus A. Stanhope** are with **Maxwell, Marshall & Co.**, 647 South Spring St.

(Special to The Financial Chronicle)

RALEIGH, N. C. — **Robert H. Houston** is with **R. S. Dickson & Co.**, Security Bank Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Edward O. Bramman** has joined the staff of **Bramman - Schmidt - Busch, Inc.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA. — **Alfred F. Thomasson** is connected with **W. H. Heagerty & Co.**, Florida Theatre Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Charles W. Derryberry**, formerly with Bankamerica Company, has become associated with **Schwabacher & Co.**, 600 Market St.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **John O. Greub** has become affiliated with **Stewart, Scanlon & Co.**, 220 Montgomery St. Mr. Greub was previously with Frank Knowlton & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **George C. Morgan**, formerly of Detroit, Mich., has become associated with **Wulff-Hansen & Co.**, Russ Building.

Stettinius Indicates Peace Parley Here In Early Winter

Edward R. Stettinius Jr., Acting Secretary of State, indicated in Washington at the State Department on Oct. 24 that invitations for a full dress United Nations security conference in this country to endorse the tentative charter framed at Dumbarton Oaks may be sent out in December and the conference itself may be convened in early winter.

A special dispatch from Washington, on Oct. 24, to the New York "Times," in reporting this, continued as follows:

He said that business left unfinished by the Dumbarton Oaks conversations must be settled before that time, but that they would not necessarily require another meeting of Marshal Stalin, Prime Minister Churchill and President Roosevelt.

Such questions, he said, could be dealt with in three other ways, either by a conference of Foreign Ministers, by another meeting "on the humble official level" as the Dumbarton talks were described by Sir Alexander Cadogan, or by an exchange of views through regular diplomatic channels.

Any one of these methods, the Secretary pointed out, would take some time and would preclude the calling of the general conference before the year end. Precluding any immediate meeting of Chiefs of State, he said, was the fact that President Roosevelt was going to be very busy during the next few weeks and that after that he would be entitled to some rest.

To get other machinery for the settlement of outstanding questions, he said, would take time, but in the meantime the charter would be under examination by all the governments to be invited and public discussion in all countries would help the delegates toward a rapid decision once they met.

Mr. Stettinius expressed the hope that the exchanges of views would be accomplished so that the invitations could be sent out in December and the conference held in the early winter.

Asked whether any special consideration had been given to Latin American views on the security organization, Mr. Stettinius answered in the affirmative.

He recalled that on the conclusion of the Dumbarton Oaks conversation a full outline of the proposed charter was communicated by the State Department to the interested governments and that on Columbus Day, after their visit to the White House, diplomats from Latin American countries were received by Mr. Stettinius at the Blair House, where they received detailed explanations of the accords.

Since that time Norman Armour, former Ambassador to the Argentine and at present chief of the Department of Latin American Affairs, has been conferring with the individual representatives of Central and South American countries. Secretary Stettinius said that he was planning another meeting with the American diplomats as a single group to discuss the security projects some time during this week.

Although President Roosevelt in his address to the diplomats on Columbus Day urged the setting up of the United Nations Peace Organization promptly "without waiting for the end of hostilities," this statement by Secretary Stettinius makes it evident that it cannot be accomplished until well into next year.

The five leading powers must still come to an agreement on the points left in abeyance and a conference of the nations must approve the charter, after which the individual powers, or at least the principal ones, must ratify the project before the work of actual organization can be instituted.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1798)

chances are that a retreat from the lower levels of the upper ranges will bring out increased volume. As a rule, there is little logic where the stock market is concerned. But in the matter of decline on volume there is actual cause, though it is psychological. A public long of stocks will hold and hold in the hope that their initial purchase will justify itself. Even clear signs of reaction will not make them sell. But if the evidences of coming reaction won't bring out selling, the actual decline will. This it-can't-happen-to-me philosophy is basic. An accident can happen to the next man, never to you. A selling drive can affect the other guy's stocks, never yours.

* * *

When the holder of securities becomes convinced, by visual proof, that it can happen to him, all reason is thrown out of the window. The desire to hold through is relegated to the ash can. The urge to get out from under becomes paramount.

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This is one of the real causes for deeper reactions than market signals ordinarily call for. By the same reasoning, it is during such periods that the potential buyer with vision and guts can pick his spots to get the stocks that will rebound once the reaction has run its course.

* * *

Monday's market declined. Tuesday's market showed a slight rebound. Such action is normal. And if this normality is to be carried forward you can prepare yourself for another reaction to follow this minor recovery. How far this second reaction will carry them is hard to say. Technical factors call for a base at about 145-146. But a public desire to liquidate can carry them lower. Yet, if this drive does carry them below technical points, the chances of a sharper recovery from these lows becomes that much better.

* * *

To sell stocks now would seem to be short-sighted. For even if the reaction breaks into ground which is dangerous, the possibilities of a sharp rally on which to dispose of them has by no means been eliminated.

* * *

Readers are still long of certain issues. Practically all of them show paper profits. If the writer thought their recent highs were all that they would go to he would have suggested liquidating before this. Long-term indications, however, still point up. So, until there are sufficient indications in the market itself, the advice to hold on still applies. It must be emphasized, however, that the various stops given here in the past few weeks are not to be ignored. They still apply, and should any stock sell under its stop point by a half point the stock affected should be disposed of.

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A complete list of the stocks, purchase levels and individual stops, appeared in this column Thursday, Oct. 19.

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More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave. New York 1, N. Y.

Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

Talbott With A. C. Best

(Special to The Financial Chronicle)

MILWAUKEE, WIS. — John A. Talbott has become associated with A. C. Best & Co., 757 North Broadway, Mr. Talbott for nine years was with R. Alger Dake Company.

Open New Branch

Cohen, Simonson & Co., members New York Stock Exchange have opened a branch office at 95 Delancey Street corner Orchard Street, under the management of Jules Glass.

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Treasury Reveals Reservations To Bretton Woods Agreements

(Continued from page 1795)

entrusted the work of compiling and preserving the records and minutes of the proceedings, were importuned by interested parties, who desired to have the facts made known, to release to the public the specific nature of the reservations to the various provisions of the two plans to which exception was taken.

Moreover the recognition this week of the de Gaulle Government lends interest at this time to its attitude toward Bretton Woods. When the Conference met in July, the French delegation represented only a National Committee, not a Government, and therefore may have felt inhibited in revealing publicly the content of the special letter on France's reservations which it sent to the President of the Conference, the Honorable Henry Morgenthau, Jr. They are still not talking for publication. However, the following facts are of current interest:

One thing that definitely displeased the French at Bretton Woods, and still displeases them, is the small quota assigned to France in the Fund. China, a country much less important in world trade than France, obtained a larger quota. France is also displeased with her quota position as compared with that of Russia and other countries.

France is not satisfied with the Bretton Woods provisions relating to multilateral compensation. Among French representatives at the Conference it was insisted that the Fund should act as a multilateral clearing center where any member's currency would be redeemed for any other member's, regardless of how obtained.

France feels that the occupied countries should have been accorded special privileges, beyond those granted at Bretton Woods.

Another point of French dissatisfaction was the 25% per annum limitation on a member country's use of its quota. The French argued that fluctuations of trade balances and business cycles are such that a member might justifiably require more than 25% in one year, and that all members should automatically be allowed to use their full quotas as necessary. This they felt to be in the interest not only of the individual members concerned, but of the Fund as a whole, because as now worded, the Fund actually induces countries to use the full 25% when not necessary, the French maintain. Although France was in this matter supported by various other delegations at Bretton Woods (including Australia, Belgium, Brazil, Czechoslovakia, Netherlands and Poland), the point was not carried. The United States particularly objected.

The French authorities also object to the inflationary implications of the method whereby any member country acquires foreign exchange by "exchanging" its currency for the desired currency. In this case, its currency may consist of merely a credit in favor of the Fund on the books of its own central bank. When the currency so credited is drawn upon by the Fund and spent, it tends to cause inflation. The French favor a provision whereby each member's subscription is made by taking currency out of circulation, so to speak.

A minor point on which France differed from the majority at Bretton Woods was the decision to treat all immigrant remittances as current transactions. France feels that such remittances often are capital transactions, but the views of United States and such countries as China and Poland, which benefit from American immigrant remittances, prevailed at the Conference. France is not a beneficiary nowadays of immigrant remittances.

Some of the French delegation at Bretton Woods were dissatisfied with the loose provisions of the Fund relating to redemption of the Fund's holdings of local currencies. Also, the opinion prevails in French circles that the Fund, far from being open to criticism because it gives debtor countries a place in the managemen, draws humiliating distinctions between debtors and creditors, as for example in connection with the distribution of any profits from operations.

In summary it may be said that France has too much to gain from the Bretton Woods program not to want to see it succeed, and yet is far from pleased with its achievements at the Conference. Now that France has been liberated and is again assuming the dignity of a sovereign nation, one may expect to see French views more forcefully presented in international relations.

Text of Reservations Issued By Treasury

The following text of the Treasury Department's release of the specific reservations and statements of each of the national delegations in respect to specific articles and sections in the agreements on the International Fund and the International Bank should be read with the complete text of these documents, as published in the "Commercial and Financial Chronicle," July 27, 1944.

Statements of Certain Delegations Concerning The Articles of Agreement of The International Monetary Fund.

Statement By The Delegation of Australia

Article I

In the opinion of the Australian delegation the purposes of the Fund, which provide criteria for its management, place too little emphasis on the promotion and maintenance of high levels of employment, and too much emphasis on the promotion of exchange stability and on shortening the duration and lessening the degree of disequilibrium in international balances of payments.

Article III, Section 1

In view of the fact that Australia has little gold and few dollars, the quota fixed for Australia will compel her to build up liquid reserves outside the Fund to meet the wide fluctuations in her balance of payments. In doing so she is likely to have to take action in conflict with the purposes of the Fund.

Article IV, Section 5 (f)

The Australian delegation considered that the Fund should be required to concur in a requested change in a par value when a country has a serious and persistent deficit in its balance of payments accompanied by a seriously adverse change in its terms of trade.

Article V, Section 3 (a) (iii)

The Australian delegation considered that in view of the wide fluctuations in the balance of payments of many agricultural countries, the annual drawing rights should be greater than twenty-five percent of the quota.

Article V, Section 8

The Australian delegation considered the charges provided for in this Section are too high and questioned the principle of charging countries interest which have an adverse balance of payments while provision is made for the payment of two percent interest to countries with a favourable balance of payments. (See Article XII, Section 6 (b).

Article XV, Section 1

The Australian delegation considered that the right of withdrawal should be protected from being made meaningless by membership of the Fund being made a condition of membership of other international bodies.

Statement By The French Delegation

Article III, Section 1

Reservation as to the size of the French quota and of European quotas in general.

Article III, Section 3

Reservations as to the omission of a clause permitting enemy occupied countries to reduce their gold subscription by one-fourth.

Article IV, Section 7

Reservation on the veto power on uniform changes in par values accorded to members having 10 percent or more of the total of the quotas.

Article V, Section 3 (a) (iii)

Reservation as to lack of flexibility as a result of prescribing a definite quantitative limitation on the purchase of currency from the Fund to the extent of 25 percent of the quota in a 12-month period.

Article V, Section V (b)

Reservation as to the non-inclusion of a clause in favor of enemy occupied countries in connection with the provisions requiring a member to repurchase its currency from the Fund with gold or convertible currencies.

Article XIX (b) and (c)

Reservation as to the definition of "official holdings of monetary reserves."

Article XIX (i)

Reservation as to the definition of "current transactions."

Article XX, Section 3 (b)

Reservation as to the date mentioned for the selection of permanent executive directors which may not take sufficiently into account the situation of enemy-occupied countries.

Statement By The Delegation of India

Reservation as to the size of the quota for India.

Statement By The Delegation of Iran

Reservation as to the size of the quota for Iran.

Statement By The Delegation of Peru

Peruvian Law No. 7526 of 18th May, 1932, which suspended the free conversion of the currency into gold, provided that the gold reserves existing at that time, viz., 16,338.71115 kilos of gold, valued by law at 38,784,832.53 Peruvian soles, were to be earmarked and kept in custody by the central reserve bank, and were not to be used in any way or manner, nor were ever to become liable to seizure or disposal in any contingency whatsoever. ("Oro intangible" in the original Spanish wording of that law.) Consequently, the gold thus set aside by Law No. 7526 cannot be taken into account, either for the purpose of estimating Peru's quota and its proportion to be paid in gold, or for use in any of the operations of the Fund, or to cover any contingent or eventual liability of Peru if it ceases to be a member or if the Fund is liquidated.

Statement By The Delegation of The Union of Soviet Republics

In the opinion of the Soviet delegation the following additions to, or alterations of, language should have been made in the articles of agreement:

Article III, Section 3

"Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy occupation or hostilities during the present war may reduce its initial gold payment to 75% of the amount it would otherwise have to pay."

Article V, Section 8 (f)

To reword this paragraph as follows:

"Charges and commissions shall be paid partly in gold and partly in local currency of the member, or fully in gold—uniformly by all members—independent of the amount of the monetary reserves of each member."

Article V, Section 7

The principle that so long as a member's holdings of gold and gold convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold, should be maintained in conformity with Article III, Section 7 (b) of the joint statement by experts on the establishment of an international monetary fund of the United and Associated Nations.

Article XIII, Section 2 (b)

After the words "in the depositories designated by the remaining four members" to add the words: "in each of the four remaining countries having the largest quotas, gold shall be held in the amount not less than the amount of their respective gold contributions."

Article XIX (i) (4)

Not to include in the term "current transactions" the "remittances for family living expenses," having in view that the Fund may upon the agreement with the members concerned, determine whether certain specific transactions of such kind are to be regarded as current transactions or capital transactions.

Article XIX (a) and (e)

Because of the centralization in the Union of Soviet Socialist Republics of banking operations concerned with international transactions as a rule, in the central bank—the State Bank of the Union of Soviet Socialist Republics, which is performing the functions of financing foreign trade, the Fund in calculating the net foreign exchange holdings of the Union of Soviet Socialist Republics shall take into account the necessity for the State Bank to maintain working exchange balances abroad.

Statement By The Delegation of The United Kingdom

Article XIII, Section 1

In the opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected Bank for Reconstruction and Development. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between governments rather than in a technical conference.

Statements of Certain Delegations Concerning the Articles of Agreement of the International Bank for Reconstruction and Development:

Statement By The Delegation of The United Kingdom

Article XIII, Section 1

In the opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected Bank for Reconstruction and Development. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between governments rather than in a technical conference.

Statement By The Delegation of The Union of Soviet Socialist Republics

Article I (iv)

This section should be deleted.

Article III, Section 1 (b)

After the words "and expediting the completion of such restoration and reconstruction" the following words should be added: "and shall establish favorable interest and commission rates for such loans."

Article V, Section 11 (b)

The word "initially" should be deleted from the last clause of the second sentence.

Seaboard Of Interest

Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting arbitrage circular on Seaboard Air Line Railway Co. Copies may be had from the firm upon request.

Hornblower & Weeks Add Roer & Craig In Chicago

(Special to The Financial Chronicle)

CHICAGO, ILL. — Arthur B. Craig and Herbert C. Roer have become associated with Hornblower & Weeks, 39 South La Salle Street. Both were formerly with Cruttenden & Co. for a number of years.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

Attractive Situations

Common and 6% cumulative convertible preferred of the American Bantam Car and Panama Coca-Cola offer attractive situations according to circulars issued by Hoit, Rose & Troster, 74 Trinity Place, N. Y. City. Copies of these circulars may be had from the firm upon request.

Situations Of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana Limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

Congress Can Enable Swift Use Of Force To Preserve Peace--Dewey

(Continued from page 1796)

whelming majority my good friend, Edward J. Thye.

The experience of the people of Minnesota under these great Republican Administrations points the way toward the progressive, forward-looking teamwork government the people will install in the nation next Jan. 20.

I had intended to talk tonight about some of the problems of the American farmer. I have deferred that talk so that I can without delay correct some errors and omissions in the speech of my opponent last Saturday night.

But before doing so, I want here and now to repledge my adherence to the farm program of the Republican platform which was drawn by the farm leaders themselves. The wide fluctuations of prices on farm products that followed the last war will not be tolerated.

A floor will be placed and maintained under farm prices with assurance of seal-up crop loans. A proper farm program will be created and so operated that it will leave with the farmers the administration, control and operation of their program without domination or dictation from appointed bureaucrats.

I shall discuss in detail the problems of our farmers on the Farm and Home Hour next Saturday.

On three great objectives we, the American people, are wholly agreed. We are determined to carry through this war to swift and total victory. We are determined that the United States shall take the lead, even before victory, in the establishment of a world organization to prevent future wars. We are determined that our fighting men shall find when they return victorious a vigorous and productive America, the kind of America in which there will be jobs and opportunity for all.

It was for the very purpose of keeping our unity for peace that, last August, I lifted our peace plans wholly out of partisan conflicts—by joining hands with Seretary Hull in work on the proposed organization to prevent future wars.

In my addresses on that subject I have tried to keep it out of partisan debate.

Unhappily, however, last Saturday night my opponent once again sowed among us the seeds of disunity. He made a speech, a very long speech, on foreign affairs. We had hoped he would speak to the American people as grownups and tell us what our foreign policy is and where it's going.

We had also hoped to hear some word of cheer about the smaller nations, so important to the conscience of the American people—some word about the fate of Poland, some hope for the people of Italy, some assurance that the Scandinavian countries which have suffered so much, and the other small countries, might soon be admitted to their full partnership in the work for organized peace.

But Mr. Roosevelt gave us none of that. Instead, he sat by the fireside and dreamed of yesterday. He paraded before the American people the ghosts of the long-dead past. He told us a few bits of history, carefully selected, and then said in effect: "Ask me no questions—you are not entitled to know where we are going. Just leave everything to me."

Now, Mr. Roosevelt said in that speech, and I quote him: "I am giving you the whole story." Let's look at the vital events my opponent left out of what he called the whole story.

My opponent says that the heavy hand of isolationism governed our country in the 1920's. Does he mean to apply that term to the three great Republican Secretaries of State: Charles Evans Hughes, Frank B. Kellogg and Henry L. Stimson, his own present Secretary of War? If so, I am afraid he has a very convenient memory.

It was my opponent himself who said on the day he took office, the 4th of March, 1933, and I now quote his words: "The world picture was an image of substantial peace. International consultation and widespread hope for the bettering of relations between the nations gave to all of us a reasonable expectation (he continued) that the barriers to mutual confidence, to increased trade and to the peaceful settlement of disputes could be progressively removed."

That statement about 1933 was the truth. My opponent did inherit a progressively improving structure of international cooperation from the Disarmament Conference of 1921, led by Charles Evans Hughes, through the great Kellogg-Briand Pact of 1928, in which most of the nations of the world renounced war as an instrument of national policy.

But it was on March 5, 1933, that Adolf Hitler made himself dictator of Germany. That was a fateful year. Germany walked out of the Disarmament Conference. Germany and Japan quit the League of Nations. And tragically, under the leadership of Mr. Roosevelt, America did her own bit toward the breakdown of international cooperation for peace.

Mr. Roosevelt now speaks fondly of the League of Nations. But it was he who in 1933 said this of the League, and I quote his words: "We are not members and we do not contemplate membership."

He rejected the policy of collaboration with the League which had previously been established, and in 1933 the American representative at Geneva was instructed "that we desire to follow our course independently."

Here are two parts of the story my opponent conveniently forgot. Now let's look at some more.

It was also in 1935 that, instead of the policy of consultation with other nations, an overwhelmingly Democratic Congress adopted the fruitless Neutrality Act and the President signed it.

It was in 1933 that we really had our last chance to bring order out of the chaos of international money exchange and trade. The London Economic Conference had been labored over for months by Republican Secretary of State Harry L. Stimson. Yet, as one of his early acts as President, Mr. Roosevelt deliberately scuttled that conference. That was the most completely isolationist action ever taken by an American President in our 150 years of history. It was that tragic event that led at least one European statesman to say there was nothing then ahead in Europe but war.

Year after year our chiefs of staff reported on the utterly impoverished and pitifully small manpower of our Army. Year after year, the Budget Bureau, which is under the personal direction of the President, cut down the amounts requested. It was right in the fall of 1939, after the second World War had actually begun that Mr. Roosevelt's Budget Bureau cut out 550 millions of dollars of amounts certified by the Army for critical and essential items.

It was in January, 1940, that Mr. Roosevelt told the Congress that $1,800,000,000 for national defense was in his judgment and I quote him, "a sufficient amount for the coming year," although he then admitted that it was "far less than many experts on national defense think should be spent."

It was in that month that I publicly called for a two-ocean Navy, a concept which Mr. Roosevelt still later called "just plain dumb."

It was in those terrifying days of the Nazi blitz, in May of 1940, that he told us we should not become "discombobolated" (per Dewey pronunciation). Then, with France about to fall, he publicly announced on June 4, 1940, that he saw no reason for Congress to stay in session. It was an election year—so in that hour of national peril he said that a continued session of Congress would serve no useful and except, sarcastically, the laudable purpose of making speeches.

It was that American Congress which refused at that historic time to go home. It stayed in Washington and went to work.

It was that Congress which then passed the National Selective Service Act, sponsored by a Republican Congressman and an anti-New Deal Democrat. It was that Congress which stayed after it had been told to go home and ran the appropriations and authorizations for national defense up to twelve billion dollars, and it was that Congress that authorized our two-ocean Navy.

Those are a few more of the chapters of the whole story—all of which my opponent conveniently forgets. But the American people will not forget them when they go to the polls in November.

Now in his speech of last Saturday night, my opponent did remember the Washington Arms Conference by which, for the first time, we succeeded in restricting Japan to an inferior naval relationship of 5-5-3. But he forgot that he was supposed to be telling the whole story. He complained that we "scuttled" part of the strength of our Navy. But that's not what he said at the time. Then, in a magazine article, Mr. Roosevelt asked America to trust Japan and complained, and I now quote his words, "of the delay in the scrapping of United States ships as provided for and pledged, in accordance with the treaty," close quote. What he also forgot last Saturday night was that as late as 1934, he called the Washington Arms Conference "a milestone in civilization."

How election times do change men's memories! If we're going to learn our lesson for future use, we have to keep the record straight.

It was in that year, 1934, that Japan served notice of termination of the limitation treaty which kept her navy inferior to ours. Yet it was in the first two administrations of the New Deal that this country sent 10,000,000 tons of scrap iron and steel to Japan, unchecked by my opponent until Oct. 16, 1940. The weight of that scrap iron alone was ten times the tonnage of the whole Japanese Navy.

Mr. Roosevelt said last Saturday night that we could have "compromised" with Japan, and I quote him, "by selling out the heart's blood of the Chinese people." Well, let's see what we did.

In addition to scrap iron, he permitted the shipment to Japan of as much as three million barrels a month of oil, the heart's blood of war, for use against China and for storage against America. That oil continued to flow until July of 1941, four months before Pearl Harbor.

Let those who claim to have exercised great foresight remember these lessons in history. And let us as a nation never forget them.

Now, my opponent in his speech actually blamed a handful of Republicans for our failure to go into the World Court in 1935.

That was when Mr. Roosevelt was still on the crest of his leadership, with three-quarters of the United States Senate Democratic And even with the help of nine Republicans he still couldn't muster a two-thirds vote. Since then he has warred with Congress at every major turn. He has insulted its integrity publicly and its members have learned the bitter lesson that legislation asked for one purpose is twisted to another. This is a sad foundation on which to build the teamwork necessary for the future. And that's why it's time for a change.

Three times in recent months I have discussed at length what I consider the sound and successful program for lasting peace. I have emphasized that this work must be pressed forward without waiting for the end of the war. I have emphasized, as my opponent has not, that, and I am quoting, "we must make certain that our participation in the world organization is not subjected to reservations that would nullify the power of that organization to maintain peace and to halt future aggressions."

That means, of course, that it must not be subject to a reservation that would require our representative to return to Congress for authority every time he had to make a decision. Obviously Congress, and only Congress, has the constitutional power to determine what quota of force it will make available and what discretion it will give our representative to use that force.

I have not the slightest doubt that a Congress which is working in partnership with the President will achieve the result we all consider essential and grant adequate power for swift action to the American representative.

But those who would attempt to ride roughshod over the Congress and to dictate the course it should follow before it has even been acquainted with the facts are trifling with the hope of the world They are deliberately, in my judgment, seeking to precipitate a hardening of minds. If this stubborn course is pursued, it can only result once again as in 1919 in a disastrous conflict between the President and the Congress. To that I will never be a party.

I deeply believe that we cannot build an understanding and a purpose for our future if we are to continue to have abuse from the President of the United States of the members of the Congress of the United States.

None of us has been all-wise in these matters. Individual Congressmen and Senators of both parties have made mistakes. Individual citizens have made mistakes. Every single one of us—both in and out of office — has made mistakes.

I'm not interested in the mistakes of the past by any individual in either party. I am interested—the people of this country are interested—in what the next Congress will do. We must not find ourselves after next Jan. 20, stalled on dead center as a result of this series of recriminations between my opponent and the Congress. He's already demonstrated that he cannot work work a Congress of his own party. It is unmistakably clear that our future demands that we have a new Chief Executive who can and will, work with the new Republican Congress. We must be able to go forward harmoniously and effectively if we are to meet the mighty problems of peace.

Now who will lead the next Senate and the next House? Well here are the acknowledged leaders today:

Wallace H. White, Jr., of Maine Acting Minority Leader of the United States Senate.

Arthur Vandenberg of Michigan. Chairman of the Senate Republican Conference Committee.

Warren R. Austin of Vermont, Chairman of the Republican National Convention Foreign Relations Subcommittee.

Robert A. Taft of Ohio. Chairman of the Republican Steering Committee.

Kenneth Wherry of Nebraska, Republican Senate whip.

Joseph W. Martin, Jr., of Massachusetts, the Minority Leader of the House of Representatives.

I hold in my hand a telegram from each of these gentlemen Let me read you the wire from Senator Wallace H. White, the Acting Minority Leader of the United States Senate. It reads:

"Your statements in support of a post-war organization and your vigorous leadership in developing and clarifying our country's foreign policy have my respect and approval. Your views will be accorded enthusiastic and loyal support by Republicans of the Senate and by the American people."

Now let me read a wire from Joseph W. Martin, whom my opponent last Saturday night, by the way, practically conceded will be the next speaker of the House of Representatives. That wire reads:

"When elected President, you can count on enthusiastic support of the Republican House of Representatives to carry into effect your plan for United States leadership in organization to cooperate with other nations for world peace. I shall personally be very pleased to follow your splendid leadership in bringing this plan into reality."

The rest of these messages are in identical vein and I have made them public tonight. Here's the kind of unity we need in this country—this is the kind of unity we need so desperately in the years ahead.

From the beginning of this campaign I have insisted that organization for world peace can and must be a bipartisan effort. I shall continue to insist on that approach.

The avoidance of future wars is too important to be in the sole custody of any one man, of any one group or of any one party. It's too important to hang by the slender thread of one man's continuity in office.

Only with the unity now demonstrated by the telegrams I have read to you tonight from the next leaders of the Congress and the Senate can we achieve the kind of action necessary to preserve peace. Only with a Chief Executive who will work with the Congress in harmony can our future be assured.

Our work for future peace must and will become on Jan. 20 next a bipartisan effort, bringing to it the ablest men in our country from both political parties.

That sense of unity can also be brought to our domestic affairs. With a Congress and a President who will cooperate with each other, we need not fear the peace. For agriculture, for labor, and for business we have an unlimited future before us if we will seize it and unite to bring it about.

Certainly, this is the least we can do in the name of those who are fighting today to make that future possible. With God's help we shall unite America and go forward once again.

Attractive For Investment

Stock of the Emporium Capwell Company, which operates two large modern department stores in San Francisco and Oakland, Calif., offers an attractive situation for investment purposes according to a detailed study issued by Kaiser & Co., Russ Building, San Francisco, Calif., members of the New York and San Francisco Stock Exchanges. Copies of this study may be had from the firm upon request.

Post-War Prospects

American Box Board Co., a company with good peace-time prospects, offers attractive possibilities, according to a memorandum issued by B. W. Pizzini & Co., Inc., 55 Broadway, New York City. Copies of this memorandum may be had from B. W. Pizzini & Co., Inc., upon request.

Calendar Of New Security Flotations

OFFERINGS

AMERICAN TOBACCO CO. has filed a registration statement for $100,000,000 25-year 3% debentures, due Oct. 15, 1969. Proceeds will be applied to the extent required to payment of all short-term loans from banks and balance will be added to working capital. The total bank loans as of Oct. 16, 1944, are given as $15,000,000. From its working capital as augmented the company expects to finance the purchase of larger inventories of leaf tobaccos. The underwriting group consists of 148 investment houses headed by Morgan Stanley & Co. with $5,000,000. Other underwriters of $1,000,000 or more are Blyth & Co., Inc., $4,100,000; Clark, Dodge & Co., $1,500,000; Dominick & Dominick, $1,500,000; Drexel & Co., $2,000,000; Eastman, Dillon & Co., $1,500,000; Estabrook & Co., $1,250,000; First Boston Corp., $4,100,000; Glore, Forgan & Co., $1,000,000; Goldman, Sachs & Co., $4,100,000; Harriman Ripley & Co., Inc., $4,100,000; Hemphill, Noyes & Co., $1,500,000; Hornblower & Weeks, $1,500,000; W. E. Hutton & Co., $1,500,000; Kidder, Peabody & Co., $4,100,000; Lazard Freres & Co., $2,650,000; Lee Higginson Corp., $2,650,000; Lehman Brothers, $4,100,000; Mellon Securities Corp., $4,100,000; Merrill Lynch, Pierce, Fenner & Beane, $1,500,000; F. S. Moseley & Co., $2,650,000; Paine, Webber, Jackson & Curtis, $1,000,000; E. H. Rollins & Sons, Inc., $1,250,000; Smith, Barney & Co., $4,100,000; Stone & Webster and Blodget, Inc., $2,000,000; Union Securities Corp., $2,650,000; White, Weld & Co., $2,000,000. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

Offered Oct. 26, 1944, at 101 and accrued interest.

AETNA BALL BEARING MANUFACTURING CO. (name changed to Aetna Ball & Roller Bearing Co.) has filed a registration statement for 30,375 shares of 5% cumulative convertible preferred stock, par $20. The preferred stock is being offered to holders of common stock of record Oct. 14, for subscription at $20 per share on basis of one share of preferred for each four shares of common. Subscription rights will expire Oct. 30, 1944. Underwriters will purchase preferred stock not subscribed for by the stockholders. Proceeds will be added to working capital. The underwriters are Bacon, Whipple & Co., and Rawson Lizars & Co., Chicago, and Carlton M. Higbie Corp., Detroit. Filed Sept. 30, 1944. Details in "Chronicle," Oct. 5, 1944.

CENTRAL VERMONT PUBLIC SERVICE CORP. has filed a registration statement for 37,856 shares of 4.15% dividend series preferred stock, ($100 par). Company is offering to holders of its 37,856 shares of $6 dividend series preferred the opportunity to exchange their stock on a share for share basis for the new 4.15% dividend preferred stock, with a cash payment of $5 per share on the $6 preferred. The cash payment is equal to the difference between the initial public offering price of $102.50 of the 4¼% preferred stock and the redemption price of $107.50 per share of the $6 preferred. All shares of $6 preferred stock not surrendered in exchange will be called for redemption at $107.50 per share plus accrued dividends. Any shares of 4.15% preferred which stockholders do not take under the exchange offer are to be sold to underwriters. Filed Sept. 7, 1944. Details in "Chronicle," Sept. 14, 1944.

Issue awarded Oct. 16 to Blyth & Co., Inc. and associates at 102.5 for any of the preferred not issued in exchange. They specified a 4.15% dividend rate and compensation of $1.65 a share for the group's service in effecting the exchange.

KIMBERLY-CLARK CORP. has filed a registration statement covering 102,424 shares of 4½% cumulative preferred stock, par $100. Corporation is making an offer to the holders of its present 6% preferred stock on the basis of which each holder of present preferred would receive 1 and 3-107 shares of new preferred for each share of present preferred, with adjustment for dividends. The exchange offer expires Oct. 30. Proceeds from sale of any unexchanged stock will be used for the redemption of all the shares of present preferred stock not exchanged. Lehman Brothers, Wisconsin Co. and Hallgarten & Co. are underwriters. Price to public will be $107 per share. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

KIMBERLY-CLARK CORP. has filed a registration statement for 99,960 shares of common stock (no par). The 99,960 shares of common are being offered for subscription at $32 per share to the holders of its common stock of record Oct. 20 at the rate of one share for each five shares of common held. Rights expire Nov. 1. Unsubscribed shares will be offered by the underwriters to the public. Proceeds will be added to the general funds of the company. Lehman Brothers, the Wisconsin Co. and Hallgarten & Co. are underwriters. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

LIBERTY AIRCRAFT PRODUCTS CORP. has filed a registration statement for 80,000 shares of $1.25 cumulative convertible preferred stock (par $20) and 160,000 shares of common stock (par 50 cents). The common shares will be reserved for issuance with respect to the exercise of the conversion rights of the preferred stock. Net proceeds of the preferred shares will be applied to the reduction of a bank loan of $1,000,000, and excess proceeds, if any, will be added to working capital. Common stockholders of record Oct. 7 were offered the right to subscribe to the preferred stock (par $20) at $25 per share in the ratio of one new share of preferred for each 3½ shares of common held. Rights expired Oct. 23. Filed Sept. 16, 1944, unsubscribed shares (74,594) offered to the public by E. H. Rollins & Sons, Inc., and Van Alstyne, Noel & Co., Oct 24 at $25 per share and dividend.

PACIFIC GAS & ELECTRIC CO. has filed a registration statement for $115,000,000 3% first and refunding mortgage bonds, series L, due June 1, 1974. The proceeds from the bond sale, with other funds of the company, will be used to retire on Jan. 1, 1945, the $115,756,000 series H 3¾% bonds at the call price of 107½. Filed Oct. 10, 1944.

Offered Oct. 24 at 104 and interest by Blyth & Co., Inc. and associates.

PHILADELPHIA ELECTRIC CO. has filed a registration statement for $130,000,000 first and refunding mortgage bonds consisting of $65,000,000 2¾% series due Nov. 1, 1967, and $65,000,000 2¾% series due Nov. 1, 1974. Entire net proceeds together with treasury cash or cash augmented by means of short term loans will be used to redeem on or about Dec. 1, 1944, at 106 $130,000,000 first and refunding mortgage bonds. 3½% series due 1967, aggregating $137,800,000. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

The bonds were awarded to a syndicate headed by Mellon Securities Corp. and First Boston Corp., as joint managers, at a price of 99.44888 for $65,000,000 series of 1967, and price of 98.94888 for the $65,000,000 maturing in 1974.

Offered Oct. 20, 1944, the series of 1967 at 100.50 plus interest and the series of 1974 at 100 and interest.

SILEX COMPANY has filed a registration statement for 82,000 shares of common stock (no par). The stock is issued and outstanding and does not represent new financing by the company. Paine, Webber, Jackson & Curtis, New York, head the list of underwriters. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

Offered Oct. 25 at $14.25 per share.

STANDARD ACCIDENT INSURANCE CO. has filed a registration statement for 175,938 shares of common stock (par $10) and 175,938 subscription warrants evidencing the right to subscribe for common stock. Company is offering to stockholders of record Oct. 9, 1944, the right to subscribe to the new stock at $10 per share on the basis of one share of new stock for each share of common stock held. The rights will expire at 3 p.m. Oct. 27, 1944. Any shares of new stock not subscribed for by stockholders may subsequently be sold by the company direct. Of the proceeds $10 per share will be allocated to the capital stock account. Not underwritten. Filed Sept. 25, 1944. Details in "Chronicle," Sept. 28, 1944.

THE LIONEL CORP. has filed a registration statement for 52,714 shares of common stock (par $10). The shares are issued and outstanding and do not represent new financing. The proceeds will go to the selling stockholders. The principal underwriters are Granbery, Marache & Lord, Emanuel & Co., and A. C. Allyn & Co., Inc., all of New York. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

Offered Oct. 26, 1944, at $13.75 per share.

TUBIZE RAYON CORP. has filed a registration statement for 70,000 shares of 4¾% preferred stock (par $100). Net proceeds will be applied to the redemption of $2,450,000 3½% sinking fund debentures, due Nov. 1, 1956, and for redemption of 18,395 shares of 7% preferred stock, par $100, redeemable at $110 per share and accrued dividends. Balance of net proceeds will be added to working capital. Kidder, Peabody & Co., and Union Securities Corp. head the list of underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

Offered Oct. 24 at $103 per share and dividend.

UNITED STATES POTASH CO. has filed a registration statement for 50,000 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing. The underwriters are Lee Higginson Corp. and Paine, Webber, Jackson & Curtis, 10,000 shares each; Blyth & Co., Inc., and Smith, Barney & Co., 8,000 shares each; Graham, Parsons & Co., 5,000 shares; Bosworth, Chanute, Loughridge & Co., 4,000 shares; William R. Staats Co., 3,000 shares, and Newhard, Cook & Co., 2,000 shares. Filed Oct. 10, 1944.

Offered Oct. 25 at $35.50 per share.

VAN RAALTE COMPANY, INC., has filed a registration statement for 129,281 shares of common stock (par $10). Holders of common stock of record Oct. 16, 1944 are given the right to subscribe to the 129,281 shares of common stock at $10 per share, in the ratio of one additional share for each share held. Subscription rights exercisable on and after Oct. 17, 1944, expire Nov. 14, 1944. If all of the common shares offered are subscribed for it is estimated company will receive a net amount of $1,262,810. The company will use $1,110,210 of such proceeds to redeem, on March 1, 1945, the 9,654 shares of its 7% cumulative first preferred stock at $115 per share, and the balance of the proceeds will be added to working capital. In the event that proceeds from sale of common stock offered to stockholders are insufficient to redeem the preferred stock, the company will use its own treasury cash to make up any deficiency. Not underwritten. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SATURDAY, OCT. 28

KOPPERS CO. filed a registration statement for $23,000,000 first mortgage bonds, 3% series due Oct. 1, 1964, and $11,400,000 serial notes, issue of 1944. Following the issuance and sale of the bonds and notes, Koppers Co. and its parent, Koppers United Co., may be merged into Koppers Co., Inc., a new corporation formed for carrying out the merger, providing stockholders' approval is obtained. Proceeds from the contemplated financing will result in the retirement of all existing funded debt of Koppers Co. and Koppers United Co. and all of the existing 200,000 shares of preferred stock of Koppers Co. Underwriters are Mellon Securities Corp., A. C. Allyn & Co., Inc., Baker, Watts & Co., Blyth & Co., Inc., Alex. Brown & Sons, Coffin & Burr, Inc., First Boston Corp., Hallgarten & Co., Halsey, Stuart & Co., Inc., Harriman Ripley & Co., Inc., Harris, Hall & Co., Inc., Hayden, Miller & Co., Hemphill, Noyes & Co., Illinois Co. of Chicago, W. C. Langley & Co., Lazard Freres & Co., Moore, Leonard & Lynch, Reinholdt & Gardner, E. H. Rollins & Sons, Inc., Singer, Deane & Schribner, Stifel, Nicolaus & Co., Inc., Stein Bros. & Boyce, Stone & Webster and Blodget, Inc., Union Securities Corp., White, Weld & Co., and Whiting, Weeks & Stubbs. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

KOPPERS CO., INC., has filed a registration statement for 150,000 shares of cumulative preferred stock and 200,000 shares of common. The dividend rate on the preferred will be filed by amendment. Proceeds will be applied to the retirement of all of the existing 200,000 shares of preferred stock of the Koppers Co. after the merger and to pay off bank notes aggregating $4,786,624 of Koppers United Co. Underwriters same as above. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

TIDE WATER POWER CO. has filed a registration statement for $4,500,000 first mortgage bonds 3½% series due Nov. 1, 1974, and 10,000 shares of 5% preferred stock, par $100. Bonds and preferred stock are to be offered for sale at competitive bidding. Net proceeds estimated to be approximately $5,605,000, together with such cash from the company's general funds as may be required, will be used to redeem $6,065,500 first mortgage 5% series A bonds due Feb. 1, 1979. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

FEDERAL MACHINE & WELDER CO. has filed a registration statement for $2,000,000 15-year 5% sinking fund debentures due Sept. 1, 1959. Proceeds for working capital. Central Republic Co., Inc. and Peltason, Tenenbaum Co. are principal underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

HARRIS MANUFACTURING CO. has filed a registration statement for 60,000 shares of 7% cumulative convertible class A stock (par $5) and 120,000 shares of class B (par $2) reserved for conversion. The 7% cumulative convertible class A stock will be offered at $5 per share. Proceeds will be used for working capital. Nelson, Douglas & Co. heads the list of underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 19, 1944.

MONDAY, OCT. 30

BASSETT FURNITURE INDUSTRIES, INC., has filed a registration statement for 12,000 shares of common stock (par $10). The shares are issued and outstanding and do not represent new financing. Price to the public is $26.50 per share. Scott, Horner & Mason, Inc., Lynchburg, Va., is principal underwriter. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

WYANDOTTE WORSTED CO. has filed a registration statement for 120,000 shares of common stock (par $5). The shares are issued and outstanding and do not represent new financing. Shields & Co. heads the group of underwriters. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

TUESDAY, OCT. 31

MAJESTIC RADIO & TELEVISION CORP. has filed a registration statement for 297,500 shares of common stock (par one cent). Of the total 200,000 shares will be sold by the company, 95,000 shares will be issued to stockholders upon exercise of options and 2,500 shares will be sold by another stockholder. Proceeds from sale by Majestic will be used not in excess of $170,000 for the purpose of calling at $10 per share all of the outstanding 26,016 shares (no par) preferred stock. Holders of more than 9,000 shares of preferred, including British Type Investors, Inc., and Empire American Securities Corp. have stated that such stock will be converted into common stock and not presented for redemption, and company's statement said it is probable that other holders of preferred will take similar action. Balance will be used to record, manufacture and sell phonographic records and working capital. Proceeds to Majestic on sale of the 95,000 shares upon exercise of options amounting to $112,499 will be added to working capital. Kobbe, Gearhart & Co., Inc. is principal underwriter. Filed Oct. 12, 1944. Details in "Chronicle," Oct. 19, 1944.

SUNDAY, NOV. 5

TRAILER COMPANY OF AMERICA (named to be changed to Trailmobile Co.), has filed a registration statement with the Securities and Exchange Commission, for 80,000 shares of common stock, par $5.

Address — 31st and Robertson Avenue, Cincinnati, Ohio.

Business—Second largest manufacturer of truck-trailers in the United States.

Offering—Of the total 40,000 shares of common are being offered pro rata to preferred and common stockholders at $7 per share, with provision for all stockholders, except the Columbia Terminals Co., the largest individual stockholder, to subscribe for additional shares which may remain unsubscribed. Columbia Terminals will purchase the remainder of the 40,000 shares which are not subscribed for by other stockholders. The remaining 40,000 shares will be offered to the public at $7 per share.

Proceeds—For additional working capital.

Underwriting—The underwriters are Paul H. Davis & Co., and Bacon, Whipple & Co., both of Chicago, and W. E. Hutton & Co., Cincinnati.

Registration Statement No. 2-5512. Form S-1. (10-17-44).

GENERAL TIME INSTRUMENTS CORP. has filed a registration statement for 38,380 shares of 4¼% cumulative preferred stock (par $100).

Address—109 Lafayette Street, New York City.

Business—Normal business is manufacture of various types of clocks. Since early part of 1942 business has consisted almost entirely of production of war materials.

Offering—Corporation will offer to the holders of its outstanding 38,380 shares of 6% preferred stock the right to exchange such shares on the basis of one share of 6% preferred for one share of new 4¼% preferred, plus $7, together with a cash dividend adjustment on the 6% preferred to date fixed for exchange. If all the 6% stock is not exchanged the corporation will retire as of Jan. 1, 1945, or as soon thereafter as possible between 4,000 and 5,000 shares of the unexchanged 6% preferred with funds it has available. Shares of new preferred not issued in exchange will be sold to underwriters and proceeds with other funds of the company used to retire balance of outstanding 6% preferred stock at the redemption price of $110 per share.

Purpose—To effect the retirement of the presently outstanding 6% preferred stock.

Underwriting—Underwriters are Kidder, Peabody & Co., W. E. Hutton & Co., Lee Higginson Corp., Stone & Webster and Blodget, Inc., Glore, Forgan & Co., and Hornblower & Weeks.

Registration Statement No. 2-5513. Form S-1. (10-17-44).

MONDAY, NOV. 6

BRUNSWICK-BALKE-COLLENDER CO. has filed a registration statement for 30,000 shares of common stock (no par value). The shares are issued and outstanding and are being sold by two stockholders, R. F. Bensinger and B. E. Bensinger, 15,000 shares each.

Address—623-33 South Wabash Avenue, Chicago, Ill.

Business—Manufacture and sale of bowling alleys, billiard and pocket billiard tables, etc.

Offering—The price to the public will be filed by amendment.

Proceeds—The proceeds go to the selling stockholders.

Underwriting — The underwriters are Lehman Brothers and Goldman, Sachs & Co., both of New York, each underwriting 7,500 shares for each account.

Registration Statement No. 2-5514. Form S-1. (10-18-44).

HOUSTON LIGHTING & POWER CO. has filed a registration statement for $30,000,000 first mortgage bonds due 1974.

Address — 900 Fannin Street, Houston, Texas.

Business—Public utility.

Underwriting—To be filed by amendment.

Offering—The company will offer the bonds for sale under the Commission's competitive bidding rule with the successful bidder naming the interest rate. Offering price to the public will be filed by amendment.

Proceeds—Net proceeds will be used to redeem at 105, together with accrued interest, the outstanding $27,500,000 first mortgage bonds 3½% series due 1966. Any balance of net proceeds will be added to working capital.

Registration Statement No. 2-5515. Form S-1. (10-18-44).

GOODALL WORSTED CO. (name changed to Goodall-Sanford, Inc.) has filed a registration statement for $2,800,360 3½% sinking fund debentures and 246,566 shares of common stock (par $10). The securities are issued and outstanding.

Address—Sanford, Maine.

Business—Textile manufacturer.

Offering—The offering prices of the debentures and common stock will be supplied by amendment.

Proceeds—The debentures and common stock are outstanding securities of the company, which are being sold by stockholders of the company to the underwriters. The net proceeds will go to the selling stockholders, and no part will go to the company.

Underwriting — The underwriters are Union Securities Corp., W. C. Langley & Co., Blyth & Co., Inc., First Boston Corp., Harriman Ripley & Co., Inc., Smith, Barney & Co., Stone & Webster and Blodget, Inc., A. C. Allyn & Co., Inc., Hemphill, Noyes & Co., Paul H. Davis & Co., F. S. Moseley & Co. and E. H. Rollins & Sons, Inc.

Registration Statement No. 2-5516. Form S-1. (10-18-44).

WEDNESDAY, NOV. 8

PITTSBURGH COKE & CHEMICAL CO. has filed a registration for $3,400,000 first mortgage bonds, 3½% series, due Nov. 1, 1964.

Address—Grant Building, Pittsburgh, Pa.

Business—Engaged principally in the production and sale of coke oven by-products and chemicals, pig iron, coke and cement.

Offering—The offering price to the public will be filed by amendment.

Proceeds — Net proceeds together with such additional funds as may be necessary will be applied to the redemption of $3,455,000 principal amount of first mortgage bonds, 4½% series A, due March 1, 1952, at 103 and accrued interest.

Underwriting — Hemphill, Noyes & Co. head the group of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5517. Form S-1. (10-20-44).

GLEANER HARVESTER CORP. has filed a registration statement for 177,689 shares of common stock, $2.50 par. The stock is issued and outstanding and does not represent new financing by the company.

Address—Cottage and Hayward Streets, Independence, Mo.

Business — Manufacture and sale of harvester-threshers, etc.

Underwriting—To be supplied by amendment.

Offering—The offering price to the public will be supplied by amendment.

Proceeds—The proceeds will go to the Commercial Credit Corp. which is selling the stock. Of the 300,000 shares of common outstanding as of Sept. 11, 1944, Commercial Credit owned 177,689 or 59.22%, which shares are being sold by Commercial to underwriters.

Registration Statement No. 2-5518. Form S-1. (10-20-44).

INVESTORS MUTUAL, INC. has filed a registration statement for 2,000,000 shares of special capital stock (no par).

Address—200 Roanoke Building, Minneapolis, Minn.

Business—Open-end investment company of the management type.

Underwriting—Investors Syndicate, Minneapolis, is named principal underwriter.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5519. Form A-1. (10-20-44).

SHAMROCK OIL & GAS CORP. has filed a registration statement for 101,593 shares of common stock (par $1). The shares are issued and outstanding.

Address—Amarillo, Texas.

Business—Producing and refining oil and natural gas.

Offering—Price to the public will be supplied by amendment.

Proceeds—The proceeds will go to the selling stockholders.

Underwriting—Kidder, Peabody & Co. is named principal underwriter.

Registration Statement No. 2-5520. Form S-2. (10-20-44).

THURSDAY, NOV. 9

AERONCA AIRCRAFT CORP. has filed a registration statement for 75,000 shares of 55-cent cumulative convertible preferred stock (par $1), and 33,600 shares of common (par $1). Of the common stock to be offered, 25,000 shares are for account of the company and 8,600 shares for the account of a stockholder.

Address—Middletown, Ohio.

Business—Normal business is production of light airplanes for civilian use.

Offering—Price of the preferred and common stock to the public will be supplied by amendment.

Proceeds—Will be used to increase company's working capital. The 8,600 shares being sold by a stockholder are owned by Carl I. Friedlander who will receive the proceeds.

Underwriting—F. Eberstadt & Co., New York, is principal underwriter.

Registration Statement No. 2-5521. Form S-2. (10-21-44).

FRANKLIN STORES CORP. has filed a registration statement for 200,000 shares of capital stock of which 114,000 are being sold by the company and 86,000 shares by Frank Rubenstein, President and a director of the company.

Address—519 Eighth Avenue, New York City.

Business—Operates a chain of 50 retail women's apparel stores.

Offering—Price to the public is $8 per share.

Proceeds—Company will use proceeds for general corporate purposes.

Underwriting—Van Alstyne, Noel & Co. heads the group of underwriters, with others to be named by amendment.

Registration Statement No. 2-5522. Form S-1. (10-21-44).

SATURDAY, NOV. 11

KEYES FIBRE CO. has filed a registration statement for $1,800,000 first mortgage sinking fund 4% bonds, series A, due Oct. 1, 1959.

Address—806 Bank of Commerce Building, Portland, Maine.

Business—Manufacture of wide variety of molded pulp products.

Offering—Price to the public will be supplied by amendment.

Proceeds—To provide funds for the redemption of $1,137,500 first mortgage sinking fund 4½% bonds and for additions to manufacturing facilities of the company.

Underwriting—Coffin & Burr, Inc., is named principal underwriter.

Registration Statement No. 2-5523. Form A-2. (10-23-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund notes, due 1954. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. To be offered mainly to people in the Alva, Okla., community who are interested in construction of the grain elevator. Filed Aug. 8, 1944.

CALIFORNIA OREGON POWER CO. has filed a registration statement for $13,500,000 first mortgage bonds series due Nov. 1, 1974. The bonds will be offered for sale at competitive bidding with the successful bidder fixing the interest rate. Company will apply net proceeds towards the redemption of $13,500,000 first mortgage bonds, 4% series due 1966, at 195½ plus interest. Filed Sept. 28, 1944. Details in "Chronicle," Oct. 5, 1944.

CENTRAL NEW YORK POWER CORP. has filed a registration statement for $48,000,000 general mortgage bonds, 3% series due 1974. The bonds will be offered for sale under the Commission's competitive bidding rule. Net proceeds with other funds of the company or other borrowings will be applied to the redemption of outstanding $45,000,000 general mortgage bonds, 3¾% series due 1962, at 104, and $5,000,000 general mortgage bonds, 3½% series due 1965, at 104½. Filed Sept. 29, 1944. Details in "Chronicle," Oct. 5, 1944.

COASTAL TERMINALS, INC. has filed a registration statement for 25,000 shares of common stock (par $10). Proceeds will be used for the acquisition of land, equipment and for working capital. Price to public $10 per share. Not underwritten. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% cumulative series 2 preferred, par $100. To be sold to officers and employees of company and Curtiss Candy Co. and its subsidiaries. Price $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

THE EUGENE FREEMAN CO. has filed a registration statement for $300,000 trade acceptances. Proceeds will be applied to organization expenses, acquisition of motor trucks, real estate, buildings, machinery, etc. Filed Sept. 13, 1944. Details in "Chronicle," Sept. 21, 1944.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock. Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

FOREMOST DAIRIES, INC., has filed a registration statement for 13,000 shares of preferred stock, 6% cumulative, par $50, and 75,000 shares of common, 20-cent par value. The shares are issued and outstanding and the offering does not represent new financing. Allen & Co., New York, head the list of underwriters. Price to the public is $50 per share for the preferred stock and $7 per share for the common. Filed Sept. 30, 1944. Details in "Chronicle," Oct. 5, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York. Proceeds will be applied to the reduction of bank loans. Price range 101 for 1945 maturities to 99.5 for 1960-64 maturities. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

LINCOLN PARK INDUSTRIES, INC., has filed a registration statement for $250,000 6% ten-year debentures maturing Nov. 1, 1954. Debentures to be offered directly by the company at par and interest. Not underwritten. Proceeds for additional working capital. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

METROPOLITAN EDISON CO. has filed a registration statement for $24,500,000 first mortgage bonds series due 1974 and 125,000 shares cumulative preferred stock (par $100). The interest rate on the bonds and the dividend rate on the preferred stock will be filed by amendment. The bonds and preferred stock will be offered for sale pursuant to the Commission's competitive bidding rule. Proceeds from the sale of the new bonds and preferred stock, together with $9,049,900 to be received from NY PA NJ Utilties Co. and other funds of the company to the extent required are to be applied to the redemption of the following securities: First mortgage bonds, series D 4½%, $20,330,500, series E 4%, $4,684,000 and series G, 4%, $11,710,900 and to the redemption of outstanding $6 and $7 dividend prior preferred stock, cumulative, no par, and $5, $6 and $7 cumulative preferred stock, no par. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

Bids for the purchase of the securities will be received by the company at room 2401, 61 Broadway up to 12 noon EWT on Oct. 30, 1944.

MOBILE GAS SERVICE CORP. has filed a registration statement for $1,400,000 first mortgage bonds, series due Oct. 1, 1964, 6,000 shares of cumulative preferred stock, par $100, and 100,000 shares of common stock, par $7.50. All three classes of securities are to be offered for sale at competitive bidding, with the successful bidder naming the interest rate on the bonds and the dividend rate on the preferred stock. The bonds and preferred stock are being offered for the account of the corporation, while the common stock is being offered by Consolidated Electric & Gas Co., parent, which owns all of the common shares of company, except directors' qualifying shares. Company will apply the proceeds from sale of bonds and preferred stock, estimated at not less than $2,000,000, together with general funds, to the redemption of $1,400,000 of first mortgage bonds, 3¾% series due 1961, at 104½ and to the redemption of 6,000 shares of 6% cumulative preferred stock at $110 per share. Filed Oct. 4, 1944. Details in "Chronicle," Oct. 12, 1944.

MONMOUTH PARK JOCKEY CLUB has filed a registration statement for $1,600,000 10-year 6% cumulative income debentures and 230,000 shares of common stock, one cent par value, to be represented by voting trust certificates. The offering price to the public of the debentures is par, although certain of the debentures are being offered otherwise than through an underwriter at a price less than 100%. The common stock, voting trust certificates, is being offered at par. Upon completion of the financing the underwriter, Bond & Goodwin, Inc., will be entitled to purchase 25,000 shares of common stock represented by voting trust certificates, at one cent per share. Proceeds will be use for construction. Filed Sept. 23, 1944. Details in "Chronicle," Sept. 28, 1944.

THE MUTUAL TELEPHONE CO., HONOLULU, HAWAII, has filed a registration statement for 100,000 shares ($10 par) capital stock. Stock will be offered to holders of presently outstanding 500,000 shares of capital stock at par on basis of one share for each five held. Any stock not taken by stockholders will be sold at public auction. Proceeds for working capital. Filed Aug. 16, 1944. Details in "Chronicle," Aug. 24, 1944.

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

POTOMAC EDISON CO. has filed a registration statement for $16,981,000 first mortgage and collateral trust bonds, 3¼% series due 1974. Proceeds from sale, with additional funds of company, will be used for the redemption of $11,981,000 first mortgage gold bonds, series E, 5%, at 105, and $5,000,000 first mortgage gold bonds, series F, 4½%, at 107½, in each case plus accrued interest. Bonds to be sold at competitive bidding. Filed Sept. 22, 1944. Details in "Chronicle," Sept. 28, 1944.

Bids for the purchase of the bonds will be received by the company at 50 Broad St., New York, up to 12 noon EWT on Oct. 31.

RESISTOFLEX CORP. has filed a registration statement for 100,000 shares of common stock ($1 par). Proceeds for additional working capital. Price to public $4 per share. Herrick, Waddell & Co., Inc., New York are underwriters. Filed Sept. 16, 1944. Details in "Chronicle," Sept. 21, 1944.

S AND W FINE FOODS, INC. has filed a registration statement for 75,000 shares of common stock (par $10). Proceeds for working capital which may be used for plant improvements and office and warehouse expansion. Blyth & Co., Inc. are underwriters. Price to public $16 per share. Filed Sept. 28, 1944.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

WESTERN UNION TELEGRAPH CO. has filed a registration statement for $24,603,000 convertible debentures and an indeterminate number of shares of class A stock to be available for conversion. Subscription warrants will be issued to present holders of company's class A and class B stock entitling them to purchase $100 principal amount of the new debentures for each 5 shares of class A stock or each 8⅓ shares of class B stock held on a record date to be supplied by amendment. Proceeds plus whatever general funds are necessary will be applied to the redemption on Dec. 1, 1944 of $25,000,000 25-year 5% bonds at 105% plus accrued interest. Names of underwriters and interest rate to be supplied by amendments. Filed Aug. 18, 1944. Details in "Chronicle," Aug. 24.

The directors Sept. 5 voted to direct the officers to formulate plans to invite competitive bids for the new bond issue.

Due to a decision of the N. Y. Public Service Commission that it has jurisdiction over the proposed issue, the company has decided to defer the issue temporarily.

Municipal News & Notes

The municipal market, which has been severely handicapped in recent weeks as a result of investor fears as to the outlook for the price level during the reconversion period, reacted more than favorably to the exceptionally heavy flow of the new business that developed in the past 10 days. This was particularly true insofar as investor interest was concerned, their response to new emissions having been rather impressive. In consequence, underwriting groups for such recent offerings as the $33,000,000 Los Angeles, Calif., $12,000,000 Portland, Ore., and $9,450,000 Baltimores found it possible to distribute the bulk of these issues in relatively short order.

An important factor in the success achieved was the good judgment exercised by the underwriters in the matter of prices placed on these offerings. These on the average reflected the lower levels of from 15 to 25 basis points which made it possible to break the stalemate that developed some weeks back in the case of the substantial unsold balances then on hand from earlier awards.

Conceding the impetus occasioned by the more generous yields offered, the quick response with which investors greeted recent offerings undoubtedly was very heartening to the trade and bespoke greater optimism on the part of buyers generally. It would appear too early, of course, to conclude that the present level of prices, which reflect standings in the early part of the year, constitute a permanent base or is merely a temporary anchor. In this connection it may be noted that some dealers hold to the view that an advance to recent peak levels is not improbable.

The final answer, it seems, will not be evident until sometime after conclusion of the large volume of financing now in prospect, not to mention the degree of success achieved in placing the unsold portion of current offerings.

Mention may be made here of the fact that on Tuesday of this week bids were received on several awards involving about $25,000,000 bonds. This figure included $14,000,000 by Houston, Texas, a $7,365,900 portfolio liquidation by the New Jersey State Teachers' Pension and Annuity Fund, and a $3,000,000 Craven County, North Carolina issue. The two bids for the latter loan were rejected, while in the case of the Houston loan, the high bid was made by a syndicate headed by Halsey, Stuart & Co., Inc. Another large issue is scheduled for award today, when bids will be opened on an issue of $7,600,000 Miami, Fla., bonds.

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As for next week's calendar, the present set-up is particularly heavy and is highlighted by the $27,000,000 Chicago Sanitary District, Ill., offering, for which bids will be received on Nov. 2. This will be preceded by such offerings as $3,000,000 by Portland, Ore., on Oct. 30; $9,030,000 by the Mutual Life Insurance Co., New York, on Oct. 31, and $2,000,000 by the State of Mississippi on Nov. 1.

Then, too, as the Sixth War Loan Drive is to get underway on Nov. 20, it is not unlikely that many other borrowers will elect to comply with their credit requirements between now and that date. In addition, it is possible that further liquidation of municipals may be carried out by institutions and public trust funds in order to reinvest proceeds in the Treasury offerings.

Under the circumstances, both underwriting and dealer firms will be called upon to do a vast selling job over the next few weeks. And the time element is the more important in view of the fact that, as in the past, municipal men will be no less occupied than other groups in exerting every effort in behalf of the complete success of the coming War Loan Drive.

W. L. Clayton Resigns Surplus Property Post

The resignation of W. L. Clayton as Surplus Property Administrator was made known on Oct. 4 by James F. Byrnes, Director of War Mobilization. Mr. Clayton had previously indicated that he would not accept reappointment, and that he opposed the enactment of the Surplus War Property Bill, stating that it was "unacceptable" to him and referring to the Board setup as "unworkable." Mr. Clayton is expected to remain at his post for a short time, until Mr. Byrnes, who tendered his resignation on Oct. 3, relinquished his post. Mr. Byrnes has accepted an interim appointment until his successor is named.

Mr. Clayton told reporters that he was desirous of returning to the cotton-exporting business with the firm of Anderson, Clayton & Co. in Houston, Texas, of which he was Chairman of the Board before going to Washington four years ago.

From Washington advices Oct. 4 to the New York "Times" we take the following:

The Surplus Property Administrator was named to that post last February, and operated under authority of a Presidential Executive Order until yesterday [Oct. 3] when the Surplus Property Act was approved by the President. He [Mr. Clayton] declined to enlarge on his previous statement that he considered the act to be "unbusinesslike" and difficult to administer.

According to reports, Mr. Clayton feels that Congress has hamstrung the Surplus Property Administration in disposing of farm land acquired for war purposes.

As far as surplus plants are concerned, the Administrator is reported to feel that the law's provisions for consultation with Congress will delay sales in the crucial period immediately after the war when prompt utilization of the plants for peacetime operation will be needed to provide jobs.

Previously Mr. Clayton had served as Assistant Secretary of Commerce under Jesse Jones.

DIVIDEND NOTICES

The American Tobacco Company
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157TH COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on December 1, 1944, to stockholders of record at the close of business November 10, 1944. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*

October 25, 1944

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

At a meeting of the Board of Directors held today a dividend of two per cent. (fifty cents per share) on the Ordinary Capital Stock in respect of, and out of earnings for the year 1944, was declared payable, in Canadian funds, December 1, 1944, to Shareholders of record at 3 p.m. on November 1, 1944.

By order of the Board,

FREDERICK BRAMLEY,
Secretary.

Montreal, October 10, 1944.

ELECTRIC BOAT ★ COMPANY ★

33 Pine Street, New York 5, N. Y.

The Board of Directors has this day declared a dividend of twenty-five cents per share and a special dividend of twenty-five cents per share on the Capital Stock of the Company, payable December 9, 1944, to stockholders of record at the close of business November 21, 1944.

Checks will be mailed by Bankers Trust Co., 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer

October 19, 1944.

INTERNATIONAL HARVESTER COMPANY

Quarterly dividend No. 105 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable December 1, 1944, has been declared to stockholders of record at the close of business November 6, 1944.

SANFORD B. WHITE
Secretary

SOUTHERN RAILWAY COMPANY

New York, October 24, 1944.

A dividend of One Dollar and Twenty-five Cents ($1.25) per share on the preferred stock of Southern Railway Company has today been declared, payable December 15, 1944, to stockholders of record at the close of business November 15, 1944.

A dividend of Seventy-five Cents ($.75) per share on 1,298,200 shares of Common Stock of Southern Railway Company, without par value, has today been declared out of the surplus of net profits of the Company, for the fiscal year ended December 31, 1943, payable on December 15, 1944, to stockholders of record at the close of business November 15, 1944.

Checks in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY,
Vice-President and Secretary.

THE UNITED STATES LEATHER CO.

The Board of Directors at a meeting held Oct. 25, 1944, declared the following dividends—the regular quarterly dividend of $1.75 per share on the Prior Preference stock, payable January 1, 1945, to stockholders of record November 13, 1944, and a dividend of $2.00 per share on the Class "A" Participating and Convertible stock; payable 50c on December 15, 1944, to stock of record November, 13, 1944, 50c on March 15, 1945, to stock of record February 10, 1945, 50c on June 15, 1945, to stock of record May 10, 1945 and 50c payable September 15, 1945, to stock of record August 10, 1945.

C. CAMERON, Treasurer.

New York, October 25, 1944.

W. M. Fuller Dead

W. Maxwell Fuller, partner in W. E. Hutton & Co., members of the New York Stock Exchange, died on Oct. 17. Mr. Fuller made his headquarters at the firm's Cincinnati office.

Situations Interesting In Conn. Companies

Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn., members of the New York Stock Exchange, have prepared memoranda on Acme Wire Co.; Veeder-Root, Inc.; Scovill Mfg. Co.; Arrow-Hart & Hegeman Electric Co.; Landers, Frary & Clark, and United Illuminating Co., Connecticut situations which appear attractive at current levels. Copies of these memoranda may be had from Chas. W. Scranton & Co. upon request.

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"Our Reporter On Governments"

(Continued from page 1799)

if it is, it means that many banks will not be able to buy any of these bonds for their savings account in the coming drive, since they have already reached their limit. . . .

On the other hand, if it is not cumulative, it will mean that the banks with savings deposits have been given a much larger participation directly in the drive and will get a much greater amount of these bonds than have been available to them in the past. . . . The amount of Series F and G Savings Bonds the banks can buy for savings deposits is cumulative and may not exceed $100,000 in all. . . .

It was also announced that the insurance companies, savings banks and State and local governmental units would again be given the opportunity to make use of the deferred payment plan, which was used in the Fifth War Loan, with the period for deferred payments in the coming drive extending to February 28, 1945. . . .

CAPITAL RATIOS

Recently the Comptroller of the Currency urged that bank managements prepare to increase the capital ratio, that is, the ratio of capital, surplus, undivided profits and reserves, to deposits, so that these institutions will be in a position to meet changed conditions with the return of peace. . . . The Comptroller of the Currency pointed out that while the banks today are, generally speaking, in a strong position, the exigencies of war financing have greatly increased deposits without a commensurate increase in capital protection. . . . The capital ratio has been a point of considerable discussion among financial people for a long time, and in view of this and the statement of Mr. Delano, Comptroller of the Currency, a recent study points out that it might be advisable at this time to consider the importance of this ratio. . . . Since the volume of bank deposits will continue to grow, even after the ending of the war, and the capital account will not keep pace with the deposit increase, the ratio will continue to show further declines. . . .

Accordingly, it is quite evident that at the end of the conversion period the ratio of capital funds to deposits will be lower than ever before in the history of the country. . . . The traditional ratio of $1 of capital resources to $10 of deposits—or a 10% ratio of capital resources to deposits—it was pointed out lacks a scientific basis, as the test of adequacy of capital funds cannot be reduced to a mathematical ratio. . . .

Capital resources of a bank are intended to act as a cushion to absorb losses that may be incurred in earning assets. . . . Hence the capital funds of a bank should be correlated to the type of its assets in general and to risk assets in particular. What constitutes a "risk asset" is difficult to state and no definition would be generally applicable. . . . It is, however, much easier to define a non-risk asset. . . . The non-risk assets of a bank have been classified as follows:

(1) Cash on hand and due from the Federal Reserve Bank and other banks. These are non-earning assets.

(2) Treasury bills and certificates of indebtedness. Bills have a maturity of about 90 days, and accordingly their price can hardly be affected by a change in interest rates. While certificates of indebtedness are payable in one year, the range of price fluctuations caused by changes in interest rates is obviously limited. Furthermore, since the certificates held by individual banks have spaced maturities, resulting in an average maturity of about six to eight months, it is stated that there is no risk attached to Treasury bills or certificates of indebtedness. The same can be said about prime banker's acceptances and prime commercial paper. Government securities with a maturity of one to two years may under present conditions also be considered for all practical purposes riskless assets, since during the war and the reconversion period and refunding period interest rates will not be permitted to rise to an extent that would materially depress the price of Government obligations maturing in two years, or so.

(3) Short-term obligations of sound political subdivisions, such as municipal and State tax warrants, may also be treated as riskless assets.

COMPARATIVE FIGURES

It was pointed out that in endeavoring to maintain adequate capital funds against assets subject to depreciation, a bank should relate its capital funds (capital, surplus, undivided profits and reserves for contingencies, less the amount tied up in bank premises and furniture and fixtures) to total risk assets. . . . A comparison recently made of the 23 New York City banks shows the ratio of capital resources to deposits, and the ratio of capital funds, less bank premises and other real estate, to other assets, exclusive of Government bonds and cash. These figures are for the period ended Sept. 30, 1944.

	(‡)	(§)
Bank of the Manhattan Co.	1 to 20	1 to 8
Bank of New York	1 to 16	1 to 6
Bankers Trust Company	1 to 12	1 to 4
Brooklyn Trust Company	1 to 14	1 to 4
Central Hanover Bank & Trust Co.	1 to 15	1 to 4
Chase National Bank	1 to 15	1 to 5
Chemical Bank & Trust Co.	1 to 14	1 to 5
Commercial National Bank & Trust Co.	1 to 12	1 to 3
Continental Bank & Trust Co.	1 to 14	1 to 6
Corn Exchange Bank & Trust Co.	1 to 17	1 to 3
Empire Trust Co.	1 to 17	1 to 5
Fifth Avenue Bank of New York	1 to 15	1 to 5
First National Bank	1 to 12	1 to 1.3
Guaranty Trust Co. of New York	1 to 10	1 to 3
Irving Trust Co.	1 to 10	1 to 3
Kings County Trust Co.	1 to 8	1 to 3
Lawyers Trust Co.	1 to 15	1 to 3
Manufacturers Trust Co.	1 to 19	1 to 5
J. P. Morgan & Co., Inc.	1 to 17	1 to 3
National City Bank of New York	1 to 17	1 to 6
New York Trust Company	1 to 14	1 to 4
Public National Bank & Trust Co.	1 to 18	1 to 5
United States Trust Co. of New York	1 to 4	1 to 1.6

‡Ratio of Capital Surplus and undivided profits to deposits.

§Ratio of Capital Funds, less bank premises and other real estate to other assets exclusive of Government bonds and cash.

As is indicated in the table, the ratio of capital surplus and undivided profits to deposits, with only a few exceptions, is above the traditional ratio of 1 to 10, and compares with the ratio of 1 to 14 reported on Dec. 31, 1943, for all insured banks. . . .

It had been stated the ratio of capital funds to deposits has very little meaning since the protection in these capital funds should be applied against assets, and most specifically against risk assets. . . . It was pointed out in this study that it was not possible to get the information at this time to work out a clear distinction between the riskless and risk assets. . . . However, since the average maturity of the New York City banks' holdings of Government securities is well below the national maturity average, which is less than five years, and in some instances under two years, for the New York City banks, their holdings of Government obligations along with cash are considered in this compilation to be non-risk assets. . . . Likewise included in the other assets or risk assets are loans to brokers and dealers, as well as prime commercial paper and bankers' acceptances, which have no more risk attached to them than do short-term Government obligations. . . .

Nevertheless, it is believed that the ratio of capital funds, less bank premises and other real estate, to other assets—exclusive of Government bonds and cash—has substantial value in showing the protection that these institutions have against assets that may not be considered entirely without risk. . . .

This table shows the strong position of the New York City banks with respect to the ratio of capital funds to other assets and indicates that these institutions are in a strong position to handle any type of situation that may develop with the coming of peace. . . .

1-TO-10 BASIS NORMAL

It has been pointed out that since a capital resources-deposits ratio of 1 to 10 has been the practice for a number of years, many directors and large depositors may become concerned if the ratio continues to decline. . . . This may lead to the adoption of too conservative investing and lending policies. . . . Therefore, it was pointed out in this study, that where the ratio of capital funds to risk assets of a bank is less than 1 to 10, such an institution should endeavor to increase its capital or change the quality and maturity of its investments. . . . There appears to be considerable support for the belief that from now on more stress will be placed on the ratio of capital funds to risk assets, rather than on the much publicized, but apparently of little value, ratio of capital funds to deposits. . . .

It is reported that several groups are already working on the formulation of a new ratio of capital funds to risk assets.

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C. B. Cooke, Jr. Mgr. For Johnson In Balt.

BALTIMORE, MD.—C. Berkeley Cooke Jr. is now resident manager of the newly-opened Baltimore office of R. H. Johnson & Co., First National Bank Building. Mr. Cooke was formerly Baltimore manager for A. W. Benkert & Co.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request.

Du Mont Laboratories "A"; Merchants Distilling; General Instrument; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scoville Mfg.; Bird & Sons; Cons. Cement "A"; Riley Stoker; Alabama Mills, Inc.; and H. & B. American Machine preferred.

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The Commercial and
FINANCIAL CHRONICLE
Reg. U. S. Pat. Office

Volume 160 Number 4328 New York, N. Y., Thursday, October 26, 1944 Price 60 Cents a Copy

The Financial Situation

Last week the Surplus War Property Division of the Defense Plant Corporation published an advance listing of industrial plants and plant sites to be disposed of by the corporation as soon as they have been "declared surplus." These are establishments brought into being during the past few years for the purpose of expediting the production of required war materiel. The list, though containing only little short of a thousand plants and sites, is incomplete and will from time to time be supplemented by the addition of still other establishments.

"The properties listed in this briefalog are among the most modern in the country," according to the Corporation. "They have been constructed during the past three or four years, using the latest and most up-to-date equipment and facilities," says the announcement, which adds that this advance listing has been prepared "in order to speed the conversion of these plants to post-war operations and keep in as continuous employment as possible the thousands of employees who operate these facilities." The publication of the list will, the officials of the Defense Plant Corporation hope, "enable industry, both large and small, to initiate more detailed fact-finding inquiries and to take quick action for possible purchase and the setting up in advance of future operating plans."

Cause for Misgiving

The Corporation does well to publish the list, and the business community will doubtless take full advantage of the opportunity thus offered to study it carefully to discover which of this vast plant can be profitably employed in the years which follow this war. Thoughtful observers will, meanwhile, leaf through this list with no little misgiving. They, or many of them, will recall that white elephant, Muscle Shoals, which the last World War left on the hands of the Federal Government. They will, of course, not fail to take cognizance of the fact that this property

(Continued on page 1827)

From Washington Ahead Of The News

By CARLISLE BARGERON

This article is written before Governor Dewey's speech at Minneapolis on Tuesday night. It is concerned, therefore, wholly with how he will meet Mr. Roosevelt's desperate attempt to inject a new issue into the campaign at this late date. Incidentally, it has a bearing on the honesty of the two men. Mr. Roosevelt and his associate New Dealers have been complaining from the beginning that Governor Dewey was misrepresenting the situation. He has cited some personalities which it would not have occurred to us to cite, but that is because we are essentially more of a reporter than a propagandist. But he has NOT misrepresented a single situation. What he seems to have done is to meet Roosevelt on his own terms, and as of this date, to have outdone him.

Carlisle Bargeron

In desperation, therefore, Roosevelt has thrown an entirely new issue into the campaign. It is the question of whether this country should be able to get into war easier. It has been tremendously difficult in the past.

As we understand it, a man in Mr. Roosevelt's position, a great leader, had to go through the third-term campaign in 1940, professing that he was going to keep this country out of war. This despite the fact that his foreign policies and utterances were bound to get us into it. In any event, as a consequence of his bolstering his campaign activities by talking about keeping us out of war, he had a terrible job after his reelection of selling the country on the necessity of war, and the people who made it very hard for him to get into war are intolerable and should be purged from American political life, if not from American citizenry.

It seems that it is a terrible annoyance for an American President who sees the necessity of war, to have to spend time getting the American people up to the feeling of that necessity. So a shorter route has been proposed.

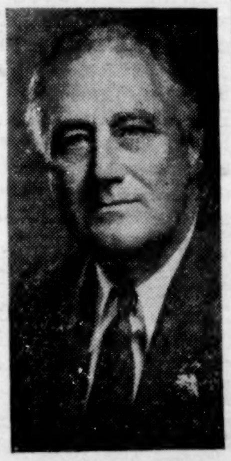
It originated with forces who haven't the slightest concern in the world about the American people. Their purpose is world rev-

(Continued on page 1851)

FDR Sees World Peace Plans Imperilled By Republican Victory

Declares In Address To Foreign Policy Association That Isolationists Would Assume Positions Of Leadership Of Congressional Committees And Makes The Statement That The Individuals So Described Are Not "Reliable Custodians Of The Future Of America." Reiterates Faith in World Peace Organization Backed By Force and Advocates Authority For American Delegates To Take Immediate Action Without Waiting For Congressional Approval.

In an address before the Foreign Policy Association in New York City Oct. 21, President Roosevelt implied that the hope of world peace through international collaboration would be endangered in event of a Republican victory in the forthcoming election and described various Republican members of Congress as "inveterate isolationists." These individuals, he said, would occupy positions of commanding influence and power if the Republicans were to win control of Congress, and he stated that "I don't think they're reliable custodians of the future of America." The President went on record in favor of according American members of the projected International Security Organization, evolved at the Dumbarton Oaks Conferences authority to take action in the interests of world peace without awaiting approval of Congress. Here is the complete text of Mr. Roosevelt's address as reported in the New York "Times" of Oct. 21:


President Roosevelt

General McCoy, My Old Friends, Ladies and Gentlemen:

Tonight I am speaking as the guest of the Foreign Policy Association, a nation-wide organization, a distinguished organization composed of Americans of every shade of political opinion.

I am going to talk about American foreign policy.

I am going to talk without rancor, without snap judgment.

And I am going to talk without losing my head or losing my temper.

When the first World War was ended, and it seems like a long time ago, I believed—I believe now—that enduring peace in the world has not a chance unless this nation, our America, is willing to cooperate in winning it and maintaining it. I thought back in those days of 1918 and 1919—and I know now—that we have to back our American words with American deeds.

A quarter of a century ago we helped to save our freedom but we failed to organize the kind of world in which future generations could live with freedom. Opportunity knocks again. There is no guarantee that opportunity will knock a third time.

Today, Hitler and the Nazis continue to fight desperately, inch by inch, and may continue to do so all the way to Berlin.

And, by the way, we have another important engagement in Tokyo. No matter how hard, how long the roads we must travel, our forces will fight their way under the leadership of MacArthur and Nimitz.

All of our thinking about foreign policy in this war must be

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*These items appeared in our issue of Oct. 23 on pages indicated.

Dewey Declares For Economic Security And Personal Freedom

Accuses Roosevelt Regime Of Making Political Capital Out Of Social Security And Labor Legislation Evolved Under Republican Administrations. Says President Has Turned "Collective Bargaining Into Political Bargaining." At "Herald-Tribune" Forum Mr. Dewey Attacks FDR's "Personal Secret Diplomacy Policy" As Obstacle To Nation's Efforts To Achieve Lasting Peace.

Governor Thomas E. Dewey, speaking at Pittsburgh, Pa., on Oct. 20, charged President Roosevelt with endeavoring to establish a one-man rule over Labor and cited the railroad wage dispute as an illustration of the assumption by the President of the right to act as final arbitrator for the purpose of "making political capital." The GOP Presidential nominee also accused the New Deal of claiming full credit for Social Security and Labor legislation which was initiated during Republican administrations and promised to expand the scope of social security to include every class of worker in the country.

Thomas E. Dewey

In a previous address made at the "Herald Tribune" Forum in New York City on Oct. 18, on "This Must Be the Last War," Governor Dewey attacked President Roosevelt's "personal, secret diplomacy policy" and maintained that it constitutes a definite threat to the nation's efforts to secure a lasting peace.

The text of Governor Dewey's Pittsburgh address, is given herewith and is followed by his remarks at the "Herald Tribune" Forum in New York City on Oct. 18.

Mr. Dewey at Pittsburgh

Governor Martin, fellow Americans:

It's good to be in Pittsburgh again and to hear from Governor Martin that Pennsylvania will be in the Republican column this year for the State candidates, for Senator Davis, and nationally. I am happy to report that a great upsurge is sweeping the country. Everywhere, from coast to coast, the American people are coming to the decision that it's time for a change.

Republicans are confident of winning. Democrats, who deeply resent the kidnapping of their party by the Communists and the Political Action Committee, are also confident of winning—with us. Together with the Independents, they are fed up with 12 long years of quarreling, waste and decay. They agree that 16 years would be intolerable. They want a fresh and vigorous government with faith in the future of America, and that's why it's time for a change.

In 26 States, having two-thirds of our population, our people have found that we can have good pro-

(Continued on page 1828)

Making Secure The Blessings Of Liberty

By JOSEPH W. HENDERSON*

President, American Bar Association

Prominent Attorney Asserts Constitutional Rights Have Been Affected By Government Changes Arising From (a) Administrative Agencies; (b) Assumption Of Powers By The National Government And (c) The Growth Of Centralized Federal Government. He Sees Present Threats In (1) The Paternalistic Concept Of The Federal Government; (2) The Belief In Government By Unrestrained Majorities; (3) Public Cynicism And Impatience With Law And Restraints And (4) The Materialist Theory Of Public Affairs. Believes War's End Will Bring New Constitutional Problems.

Jos. W. Henderson

The developments in government in this country since the turn of the century have left many of us wondering as to how our present-day government compares with the government with which our country began its history. Laymen and lawyers alike want to know with what Constitutional rights they started out and what, if any, they have lost. They want to know what they should do about it. Well do they ask—because the political order set up originally by our Constitution has been and is undergoing fundamental change. Particularly in this century, the technological, economic and social changes which the Nation has experienced have been putting the Constitution to a test greater even than that to which it was put by the War between the States.

What were the rights originally given to us by the Constitution and the Bill of Rights? What rights *have* since been taken away? What rights *do* we have left? Are we going to lose them? What is being done so that we do not lose them? What steps *should*

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*The Annual address of the President of the American Bar Association, Chicago, Ill. Sept. 11, 1944.

(Continued on page 1833)

Bank Credit—The Beginning Or The End Of An Era

By WILLIAM G. F. PRICE*

Vice President, American National Bank & Trust Company, Chicago

In Analyzing The Outlook For Commercial Loans By Banks In The Post-War Transition Period, Mr. Price, After Noting The Causes That Have Been Ascribed For The Declining Ratio Of Bank Loans To Investments, Maintains That There Still Will Be Areas Where Commercial Loans Will Be Needed And That Bankers Can Do Their Part In Achieving The All-Important National Objective Of Maximum Production And Maximum Jobs. He Looks To Greatest Expansion In Bank Loans Coming From Firms Having Under $5 Millions In Assets And Offers Six Suggestions For Making Bank Loans Function Within The Framework Of Our Banking System, The First Of Which Is Centering Efforts On Small To Medium Sized Business And Consumer Loans.

William G. F. Price

The question that I should like to raise this afternoon is—what essential purpose will bank loans serve in the post-transition business world? By transition I mean the period between the substantial cancellation of a company's war contracts and the initial flow of a normal volume of funds from its civilian business. The post-transition period begins with this flow of normal civilian funds. This primary question breaks down into four parts:

What is the basic function of commerical bank loans?

How, in fact, have these bank loans performed their function in the past?

On what basis would you and I prefer to have them perform their function in the future?

What can you and I do to make them perform that way?

Before examining these questions I should like to formulate one more definition and postulate one statement which seems basic to me in any consideration of the subject. The definition is that bank credit consists of the total of bank loans and bank investments — earnings assets, in other words. The statement is that the extension of bank credit creates bank deposits which constitute the predominant part of the circulating medium or the "currency" on which our country does business. Since this is true it is right and proper that the Federal banking authorities should have the

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*An address by Mr. Price before the National Bank Division Meeting, American Bankers Association, Chicago, Ill., Sept. 25, 1944.

(Continued on page 1836)

Colonial Trust Export Plan For Correspondent Banks Announced

Colonial Trust Company of New York has developed a service for its correspondent banks, called a "Custom Built Export Plan," through which it places its correspondent in a position to serve the specific needs of the manufacturer who wishes to sell some of his output abroad. Obviously, it is pointed out, the manufacturer's first need is for reliable competent distributors who can bring him a substantial volume of orders, and the "Custom Built Export Plan" is designed to reduce the risk incident to the trial-and-error method of appointing representatives.

In commenting upon the "Custom Built Export Plan," Arthur S. Kleeman, President of the Colonial Trust Company, said:

"By this method we are able to suuply to our correspondents in various parts of the United States a foreign department service without overhead, by which they should be able to make many new friends and develop a large volume of new business It is interesting to note the recent rapid acceleration in the volume of business handled by our Foreign Division, even though hostilities have not yet ceased. Recently, within the period of a single week, our Foreign Division handled transactions in Canada, Chile, Ecuador, England, Honduras, India, Iran, Italy, Mexico, New Zealand, Palestine, Panama, Puerto Rico and Venezuela. We are rapidly broadening our endeavors to round out our foreign banking service; for example, we have recently established within our Foreign Division a Scandinavian department to look after our customers who are now doing business with Sweden and Iceland, and who expect also to expand their activities into Norway and Denmark as soon as the European war ends. All these services we are putting at the disposal of our correspondents, through our 'Custom Built Export Plan,' and we are of the firm opinion that banks in many parts of the country, if they have not established foreign departments of their own, will welcome this chance to enter this important banking field without expense to themselves."

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Oct. 23 that the tenders of $1,300,000,000, or thereabouts, of 91-day Treasury bills to be dated Oct. 26 and to mature Jan. 25, 1945, which were offered on Oct. 20, were opened at the Federal Reserve Banks on Oct. 23.

The details of this issue are as follows:

Total applied for, $2,356,311,000.

Total accepted, $1,308,901,000 (includes $54,339,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.913, equivalent rate of discount approximately 0.344% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(48% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 26 in the amount of $1,214,382,000.

The State Of Trade

Foremost among the post-war requisites to ensure prosperity on a national scale is that of full employment and a proper distributive system of consumer goods. The ranks of labor have broadened materially since the outbreak of war, and though a large number of workers will eventually return to the home and farm, the number remaining in industry after the war will be greater than for any peacetime period in the country's history.

It is understood that cutbacks of at least 40% in war production will take place after Germany's defeat and industrialists in a good position to judge coming events forecast cuts in production running as high as 70% after the end of the European war.

To maintain employment and at the same time ensure adequate purchasing power, the productive energies of these surplus workers must be diverted to civilian output. Hence, reconversion of plant and equipment where it is compatible with the war effort must be accomplished without undue delay. Industry for the most part is ready to reconvert as soon as the necessary equipment is at hand, and they are permitted to do so, leaving the responsibility for any tardiness in this respect on the Government's shoulders.

There is a problem, however, that business and industry must largely solve for themselves, and that is adequate distribution of consumer goods. The war has to a large extent adversely affected this business function, since the Government has been and continues to be industry's main consumer.

Business and industrial organizations have given considerable thought to this problem and have kept their selling departments to some degree intact. Notwithstanding the diversion of a major portion of their output to the war effort, advertising campaigns have been undertaken to keep national products before the public lest they be forgotten. At present the automobile and other industries are working on the job of strengtening their sales and distributive organizations, and with the pressure of the war effort decreasing, key men will be in a better position to devote more time to this task. Further, manpower will be less of a problem and there will be a greater number of the right type of men available for the job.

Stressing the importance of sufficient distribution of consumer goods, Eric A. Johnston, President of the Chamber of Commerce of the United States, addressing the Mortgage Bankers Association of America on the occasion of its annual convention the past week, stated, that for many years before the war business had suffered a gradual hardening of the arteries of trade. Analyzing this hardening process, he explained: "This arterio-sclerosis has increased economic tension everywhere, and unless intelligent application of known curatives can be applied, the post-war world will suffer a paralyzing stroke."

Mr. Johnston gave emphasis to his point that there had never been enough selling and enough service in this country, adding, that business had never spent enough money on selling and servicing, and that it would have to do more to hold its place. Directing attention to the fact that America had 30,000,000 workers on farms, in factories, mines and the construction industry who were "the world's leading experts in filling the industrial pipe line full of merchandise," he stated, there are fewer than 20,000,000 at the other end to see that the line does not clog up. "The water in our economic pipe line is manufactured goods, food, minerals and so forth. The pressure is selling force. To use electrical terms, we have plenty of amperage; what we need is greater voltage."

To obtain this additional activity, and to keep $66,000,000,000 worth of goods moving through the production and distribution pipe lines, Mr. Johnston said, the nation would have to put more pressure behind the flow.

Supplying a solution to this disturbing question, he urged industry to embark seriously upon the task of offering better training for salesmen, pointing out that four out of five jobs must be found outside the factory.

Discussing the training of youth, he referred to the results of a recent survey which showed that 80% of secondary school pupils were preparing themselves for positions, involving only 10% of the available occupations in the country and posed the question, "what is going to happen to the other 70%?"

Retail Spending in 1944—Retail expenditures by Americans in retail stores this year were estimated at $67,000,000,000, or an average of $510 for every man, woman and child, according to the Commerce Department, the past week. It was pointed out that though shoppers never spent this much before, the actual quantity of goods purchased probably reached its peak in 1941. Chief of the business statistics unit, Bureau of Foreign and Domestic Commerce, Louis J. Paradiso, making the estimate in the October issue of the Department's survey of current business, placed the average of retail expenditures at $320 in 1939 and $430 in 1941. Rising prices accounted for about 70% of the increase in dollar sales from 1939 to 1944, according to the survey. Mr. Paradiso selected 1944 as the probable peak year for retail dollar volume, since cutbacks in production after Germany's defeat would work toward a reduction in incomes of consumers.

Manufacturers' Inventories — The value of manufacturers' inventories declined by approximately $500,000,000 in the first six months and amounted roughly to $17,300,000,000 at the close of June, the Department of Commerce disclosed this week. Taking into account the decline, and price changes as well, the so-called "real" value of inventories at the end of June reached their lowest level since Pearl Harbor. According to the Department of Commerce, "this inventory decline occurred in a period when manufacturers' shipments were almost constant, the fluctuations in the past six months (to June 30) resulting primarily from the difference in number of working days."

Authorizations for Civilian Output—Preliminary reports from regional offices said a War Production Board spokesman on Wednesday last indicated more than 750 manufacturers have been authorized to begin civilian production under the WPB's authorization program. As of Sept. 30 the spokesman revealed that 441 manufacturers' petitions had been approved. Concluding, he stated: "The rate at which WPB has approved the petitions of manufacturers has increased so rapidly that the total number of authorizations may possibly have reached 1,000."

Wages and Employment—Average hourly earnings of workers in industry declined in August for the first time since January, 1940, by 0.2% to $1.07, the National Industrial Conference Board reported last week. The figure, which includes overtime and other monetary compensation, was 4.9% above the August, 1943, level and 41% above that of January, 1941, base period of the "Little Steel" formula.

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What Is Scientific Planning?

By Prof. WALTER RAUTENSTRAUCH*
Columbia University

Asserting That Modern Civilization Is Founded on The Three Interdependent Power Systems: (1) Resources, (2) Tools And (3) Men, Professor Rautenstrauch Maintains That In Each, Scientific Planning Rather Than Private Enterprise Is Socially Advantageous. Using The TVA As An Illustration Of Unification Of Technical Skills In An Enterprise, He Holds That "The Scientific Method Needs To Be Applied Not Only To The Development Of Each Source Of Power, But Also To The Development Of The Group As A Whole." Claims National Planning "Will Revitalize" The Enormous Potentialities Of Mankind.

W. Rautenstraugh

Among the issues before the American People today none are of greater importance than that of National Planning. The gradual evolution of the processes of civilization to their present state has brought National Planning to public attention as the next logical step. No one can explore the facts of our natural resources, our tool-power and our manpower without becoming aware of their interdependences and the need of intelligent coordinated action concerning them, if an orderly, progressive society is to be established and maintained. If planning is to be incorporated in National Policy, the very nature of the problem itself and the facts and relationships to be dealt with should command the sincere and devoted attention of all groups of scientific workers in every field of human interest. It is not the purpose of this paper to argue

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*A paper presented in abstract before the American Association for the Advancement of Science, Cleveland, Ohio, Sept. 13, 1944; Prof. Rautenstrauch is the author of Economics of Business Enterprise published by John Wiley & Sons; and Design of Manufacturing Enterprise published by Pitman Publishing Corp.

(Continued on page 1838)

Looking Ahead With Agriculture

By CHESTER C. DAVIS*
President, Federal Reserve Bank of St. Louis

Mr. Davis Analyzes The Impact Of War On Agriculture And Points Out That In Common With Industry, Farming Faces The Necessity Of Preserving A High National Income. He Lists As Serious Post-War Problems, The Need For Reducing Farm Acreage To Conform To Domestic Consumption, The Restoration Of Soil Fertility And Farm Equipment, And The Maintenance Of Agricultural Prices. States That In The Long Run A Healthy Condition Can Come Only From (a) A Strong, Wide, Active Domestic Market Based On High Non-Agricultural Production And (b) Adjustment By Farmers To Produce What The Market Wants. Urges Banks To Seek Agricultural Borrowers And To Compete With The Government Credit Agencies.

Chester C. Davis

To expect a speaker or an audience to give lucid consideration to the agricultural outlook at a time like this is about as hopeful as to ask men whose homes are on fire to take time out to study plans for rebuilding the neighborhood. It is hard to put our hearts in it, and more than the fringe of our minds. The largest army we ever assembled on on foreign soil is beating down the last defenses of a powerful foe who marched from his borders five years ago to conquer the world. Governments are tumbling. Mankind, in the desperate consciousness that chaos and darkness are the alternatives, is groping for a new and secure pattern of world organization. We go about each day's tasks and deal with its problems with our attention fixed on the rumble of the distant guns.

But life does go on, and we who are left at home must deal with its shapes today while events are moulding its pattern for tomorrow. So in the time allotted to me I shall deal briefly, and I am sure inadequately, with the performance of American agriculture during the war; the changes war has brought to the American farm; the nature of the postwar problems that will bedevil the farming business, and the place of the country banker in all of this.

The farmers of our country, your neighbors and mine, have produced more food each year of war than the year before. They made their record-breaking crops and brought unprecedented numbers of livestock through to market with far less labor of the kind normally depended on than in the years before the war and with far less new farm machinery to do it with. In 1944 they handled

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*An address by Mr. Davis before the meeting of Country Bankers at the meeting of the American Bankers Association, Chicago, Ill. on Sept. 25, 1944.

(Continued on page 1840)

WHAT?

You know peace, like war, can succeed only when there is a will to enforce it, and where there is available power to enforce it.

The Council of the League of Nations, of the United Nations, must have the power to act quickly and decisively to keep the peace by force, if necessary.

I live in a small town, and I always think in small town terms, but this goes for small towns as well as for big towns. A policeman would not be an effective policeman if, when he saw a felon break into a house, he had to go to the town hall and call a town meeting to issue a warrant before the felon could be arrested.

So to my simple mind, it is clear that, if the world organization is to have any reality at all, our American representative must be endowed in advance by the people themselves, by constitutional means through their representatives in Congress, with authority to act.

If we do not catch the international felon when we have our hands on him, if we let him get away with his loot, because the town council has not passed an ordinance authorizing his arrest, then we are not doing our share to prevent another world war. I think, and I have had some experience, that the people of this nation want their Government to work, they want their Government to act, and not merely talk, whenever and wherever there is a threat to world peace.—President Roosevelt.

What can the President be thinking of?

For our part, we shudder at the thought of Harry Hopkins or Henry Wallace ensconced somewhere with power to declare war forthwith.

Where is all this going to end?

The Financial Situation

(Continued from first page)

gave impetus to the TVA project and what may be termed the TVA state of mind, as well as the "yardstick" method of regulating the utilities, which, taken together, have already cost the American many, many hundreds of millions of dollars, and which apparently are destined to cost them many more.

One glance at this "briefalog" now handed to the public is sufficient to make it clear enough that dozens of Muscle Shoals plants could be tucked away among these innumerable governmentally owned plants and not even be noticed by the casual observers. The cost of these plants and plant sites now listed runs not into hundreds of millions but into billions of dollars. There are many individual plants which would make Muscle Shoals appear trifling. Take, for example, Plancor No. 301-A, Columbia Steel Company, Salt Lake City, Utah (Geneva Works). Here is the way it is described:

> LAND: Owned by DPC. Approximately 1,600 acres, located on the northeast shore of Utah Lake, Utah County, Utah, approximately 35 miles south of Salt Lake City. . . . Additional buildings and facilities can be added within the plant site.
>
> BUILDINGS: There are 133 buildings; 4,718,866 square feet ground area. Type of building construction: Foundations, concrete and concrete on pilings; superstructures, concrete and brick, structural steel frame, reinforced concrete frame, corrugated asbestos siding, corrugated metal siding, and corrugated transite siding, composition transite and metal roofing.
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> The 133 buildings are listed as follows: General facilities: 37 buildings, 529,022 square feet ground area. Power: 10 buildings, 112,225 square feet ground area. General track system: 2 buildings, 31,050 square feet ground area. General water supply: 2 buildings, 3,150 square feet ground area. Coal handling and storage: 6 buildings, 158,211 square feet ground area. Coal coking and handling: 9 buildings, 117,633 square feet ground area. By-products: 4 buildings, 249,400 square feet ground area. Sintering plant: 5 buildings, 371,850 square feet ground area. Benzol plant: 1 building, 130,200 square feet ground area. Blast furnaces: 19 buildings, 383,216 square feet ground area. Open hearth: 11 buildings, 1,084,142 square feet ground area. Mould foundry: 4 buildings, 120,380 square feet ground area. Blooming mill: 6 buildings, 509,530 square feet ground area. Plate mill: 5 buildings, 380,691 square feet ground area. Structural mill: 3 buildings, 538,116 square feet ground area.
>
> MACHINERY AND EQUIPMENT: Machinery and equipment necessary for the following units: General facilities, power, general track system, general water supply, coal handling and storage, coal coking and handling, by-products.

This is the plant whose estimated cost was $200,000,000.

While very large, this plant is by no means the only mammoth property in the list. Indeed, it is not the largest. One is listed in Birmingham with over 1,500,000 square feet. There is one in Phoenix, Arizona, almost as large. San Diego, California, has one with over 1,800,000 square feet. There are nine in the State of Illinois with more than a million square feet, one of them with 5,146,800 square feet. Kansas, Kentucky, Louisiana, Missouri, Nevada, New Jersey, New York, Ohio, Michigan, Pennsylvania, Texas, Washington, all have at least one plant of more than a million square feet, and several have more than one. Michigan and Ohio each have plants of more than 5,000,000 square feet. A great many of these are listed as being suitable for operation as an independent unit.

Here altogether is a part, probably the larger part, of the war-born government plant for the production of armament. It is now being offered, or is shortly to be offered, American industry for operation in peacetime. There is already demand among the day dreamers, the politicians, and socialistically inclined labor leaders that this huge industrial plant not be permitted to "go to waste," but be put quickly to work to provide "jobs" for the millions of men expected otherwise to be thrown out of work when the war is over.

Not All of Value

Doubtless American industry will be only too glad to avail itself of these plants and these facilities so far as they can be employed effectively and profitably in peacetime. It would, however, be foolish to suppose that all this plant will find peacetime use. Some of it, quite possibly a very substantial part of it, will not be able to earn operation expenses in normal peace times. Almost certainly some of the very large properties, at one time or another much in the public eye, will fall into this latter category. It is then that the American people must set its face firmly against governmental operation of such facilities—a procedure which would render profitable use of the other plants increasingly difficult.

Meanwhile, the public must understand certain facts about these plants. First of all, it is highly probable that there is not one such plant which did not cost too much to erect. Construction in times of war, under the greatest pressure for speed, and with the Government paying the bills, always does cost much more than it should. Again, most of these facilities were designed and erected for the production of goods which either have no peacetime use or else are normally in abundance. Conversion to other uses in peacetime may or may not pay.

Finally, the degree in which it will be possible to make use of this plant will depend broad public policy—which may encourage or may render difficult the profitable operation of any plants.

What A Good Trust Department Means To A Bank

By JAMES E. SHELTON*

Chairman of Executive Committee, Security-First National Bank, Los Angeles

Western Banker Recommends That Banks Should Maintain Trust Departments Only When They Can Have A "Good Department" On A Profitable Basis. He Points Out The Advantages Of A Trust Department In Maintaining And Increasing The Business Of Other Departments Of A Bank And Shows How Other Departments Can Help The Business Of The Trust Department. Holds That The Trustee Operations Of Private Banks Will Expand And Urges Banks To Be Willing To Handle Small And Moderate Sized Trusts.

James E. Shelton

I shall discuss the subject "What A Good Trust Department Means to a Bank" from the standpoint of a general bank officer rather than from the point of view of a trust man. I have a keen interest in trust work due no doubt, in part at least, to the fact that when I left the practice of the law some years ago, it was to become a trust counsel for a trust company. My first entry into the banking business was, therefore, as a trust man, and while in the years that have intervened my duties have been primarily in other banking fields, I have never lost my interest in or my contact with the trust department or the trust business.

At the outset I want to make two rather definite statements. The first is that a bank should either have a good trust department or should not have any trust department at all. That applies to banks which have trust departments now as well as to those which do not have them. The second statement is that many, in fact a large percentage of banks,

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*An address by Mr. Shelton before the Trust Division Meeting at the Second War Service Meeting, American Bankers Association, Chicago, Ill., Sept. 25, 1944.

(Continued on page 1842)

Dewey Declares For Economic Security And Personal Freedom

(Continued from first page)

gressive government without wrangling, waste and confusion. We've learned that change to Republican State administrations greatly strengthens our unity for war and our capacity to hasten victory.

With our great military command continued, a similar change in civilian Washington will also speed our work for a just and lasting peace. In the same way, a change of administration offers the only future to the working people of America. The post-war slogan of the New Deal is: Back to normalcy with ten million unemployed. That's where we were in 1940, after seven years of the New Deal. But we Americans will not, we must not go backwards.

When the war is won a tremendous job will just begin. No one man, no single group will be able to hold all the forces released by war in constructive channels. Every group in our population—agriculture, business, labor and government—will have to pull together as never before.

Can this great effort be led by an Administration which is both worn out and torn to shreds by internal dissensions? Can it be done by a President who has warred with a Congress of his own party year after year until that Congress is in open rebellion?

Let me recall to you what happened at the end of the last war under another tired Administration. Nineteen nineteen brought soup kitchens into our cities—not for the helpless but for returning soldiers. In the best organized communities it took a returning soldier an average of two and a half months to find a job.

While that veteran walked the streets, this nation was shaken by its first general strike. That same year brought the great steel strike, the meat-packing strike and the lockout in the building trades.

Making the strife more bitter were the assaults of the Democratic Attorney General, A. Mitchell Palmer, on union halls and civil liberties. This nation was so torn by cleavage and insecurity that it was in that year, 1919, that the Communist party of the U. S. A. was organized, dedicated to revolution.

Improved labor relations and advances for the working people of this country came only with good times. Labor leaders joined with a Republican Congress to establish the Women's Bureau of the Department of Labor. They helped a Republican Administration set up the Railway Labor Act, which is today still the model law in employer-employee relations.

Under Republican Administrations came legislation against child labor, limitation of interstate distribution of the products of prison labor, laws for the payment of prevailing rates of pay on Government jobs, and the anti-injunction bill of rights for labor.

This program was a part of the social trend which has continued since in the Social Security Law, the Wage and Hour Law and the National Labor Relations Act. There's no reason why our social trend should not continue. There's no reason except one—the New Deal—tired out and too long in office. It distrusts the people. It treats the social gains of the 1930's as its own private property.

The New Deal sits by the fireside and gazes back on its long-lost youth with happy contemplation. It wants to spend its declining days clipping coupons on its political investments of the 1930's. It wants to hold office forever in stalemated idleness.

I say that social gains are not the property of any party. They're the property of the people of the United States and no party can exploit them for its own political profit. Good laws are necessary but they are not enough. Social progress needs vigorous protection and promotion all the time. It needs the nourishment of competent free government.

Now, let's look at what's happened to the right of collective bargaining under one-man government. The New Deal has posed for years as the friend of labor. But today it has turned collective bargaining into political bargaining.

Let's take just one example. In the autumn of 1942, the 1,100,000 non-operating railroad employees and then the 350,000 operating workers requested a wage increase to meet the higher cost of living. Since 1926, the machinery of that law had always worked successfully in such application. And it started to operate properly this time with the regular hearings before the National Mediation Emergency Board.

But what happened? The grasping hand of one-man rule reached in and set itself above the law. Mr. Roosevelt's Economic Stabilization Director Vinson completely destroyed the effectiveness of the Railway Labor Act by setting aside the recommendation of the Mediation Board for an increase of eight cents an hour. Desperate, the railway workers of the nation decided to walk out if necessary by a vote of 97%.

For six months last year, while uncertainty and tension increased. Mr. Roosevelt did nothing but wage a war of nerves against the railway workers. Finally he decided the stage was set for making political capital. He called the union leaders to the White House. They met there four times. Mr. Roosevelt demanded that he instead of the legally established mediation board be selected as the final arbitrator. Three presidents of railway brotherhoods declared, and I quote: "The whole thing had all the earmarks of a political setup."

The tension rose higher. Finally Mr. Roosevelt seized the railroads to forestall a national disaster which he himself had prepared. After he did that he graciously gave the very wage increase to which the railway workers had been entitled for over a year.

The comment of the three brotherhood leaders was, and I quote: "The trouble was that the Administration was not content to follow the law."

"We are firmly convinced," they said, "that if the Administration had kept its hands off and had permitted the rail unions to proceed under the Railway Labor Act, we could have reached a satisfactory settlement with our employers without stopping work for a single day and without causing the slightest bitterness.

"But," they concluded, "the Administration did not do that. It insisted on changing the rules in the middle of the game."

Now, political power wasn't the only profit in this case. There was political cash, too, for one of the New Deal city bosses. The railway brotherhoods had to be represented by special legal counsel because the proceedings were obviously of a very special sort. And who do you suppose was the lawyer? An eminent attorney in labor law? An authority on railroad economics? Not under the New Deal.

With legal process tossed out the window by act of Mr. Roosevelt, the railway workers were forced to hire someone who knew his way up the back stairs of the White House. So the railroad brotherhoods had to hire Mr. Roosevelt's third-term National Chairman— that eminent authority on Belgian paving blocks, Boss Flynn of the Bronx. This was the man who once appointed the notorious gangster and gunman, Dutch Schultz, as a deputy sheriff of the Bronx. And did Mr. Roosevelt's political manager lend his aid for nothing? The price of his services for the railroad workers of America was $25,000.

That sort of business must come to an end in this country. Our fighting men are entitled to return to something better than that in their government. Political bosses and one-man government must not be allowed to keep a stranglehold on the rights of our working people.

I believe with all my heart in collective bargaining, and it must again be free collective bargaining. It must be bargaining for the rights of working people and not for the profit of political bosses.

Now, playing with the rights of labor for political power and political cash is bad enough, but there's something even more dangerous in what the New Deal is doing. Here are the words of Robert J. Watt, one of the top officials of the American Federation of Labor. He says:

"Even as we fight for the survival of our basic freedoms, we find that the democratic process in many ways is being hog-tied and rendered subordinate to the dictum of a one-man boss."

Just a week ago at a public forum in New York this same labor leader said:

"Government intervention has already strangled collective bargaining to death."

And to this, Railway Brotherhood President David B. Robertson said:

"I should like to say Amen to that."

But collective bargaining is only one of the casualties of the rights of workers under the New Deal. Look at what happened to the white-collar worker.

A friend of mine is an employee of a publishing house. He asked his employer for a raise and the employer agreed. But then the trouble began. The employer filed an application with the appropriate Government bureau.

Seven weeks went by, then what? More information was requested. Two months later the request was turned down. Three months more until an appeal was heard. Another month for a decision that the appeal had been denied. Three and a half months of further delay waiting word that a further appeal to Washington had been turned down. On the last appeal, four months later still, the word was finally handed down: "O. K., you can have half as much as you asked."

Thus more than fifteen months after the original request, the New Deal settled the case by the old kangaroo court method of splitting the difference. If the request had no merit in the first place, a denial would be fair and proper. But when it's right all the time, 15 months' delay and three appeals to get justice are inexcusable. It's been the same with millions of other white-collar workers all over the country. That's why it's time for a change.

The time has come to face the fact that the New Deal is a bankrupt organization living only to extent its powers over the daily lives of our people. It did some good things in its youth, but now it seeks to live on its past.

In this great national campaign my opponent has not offered to the people of this country even the pretense of a program for the future. He tells the working men and women of America to trust him, to do as they are told and ask no questions. That's the end result under one-man government always everywhere. It's the inevitable end of a philosophy which sees no real future for America. It's the result of a viewpoint that can see nothing ahead but a repetition of itst own peacetime failures—a return after the war to unemployment, with leaf-raking and doles.

I am sure America will never submit to that dreary prospect. We're going forward to swift, total victory over our enemies abroad. We're going to take the lead in building a world organization for lasting peace. And here at home we're going to establish a government which will make possible a vigorous productive economy with jobs and opportunity for all.

Only in this way can we maintain social progress and make secure the rights of free labor.

With the full backing of our party, Governor Bricker and I stand committed to a program that will insure to American labor the guarantee of free collective bargaining through the National Labor Relations Act and with freedom from Government dictation.

We stand committed to the proposition that America can and must have both economic security and personal freedom. That program we shall begin to put into effect next Jan. 20.

We shall appoint an active, able Secretary of Labor from the ranks of labor.

We shall abolish wasteful, quarrelsome and competing agencies which are strangling collective bargaining.

We shall establish the Fair Employment Practices Committee as a permanent service.

We shall put back into the Department of Labor the functions that belong in the Department of Labor.

We shall bring an end to special privilege for one group of American workers over another group of American workers.

We shall see to it that every man and woman who works stands equally in the Department of Labor and that the department exists to serve and not to rule.

We shall work for a broader Social Security Act to include those not now covered. Old age and survivors' insurance is now denied to twenty million of our people. All those who have been left without protection under the New Deal must be included. Public employees who are not now protected by existing systems should, also, be included.

We shall work to widen the provisions of unemployment insurance to include the groups now unprotected.

These things government can and should do. But they alone are not enough. We can have a free labor movement and make social progress only within the framework of a society which encourages enterprise—that provides oportunity for all — that is productive and growing.

To that end we are pledged to remove from the backs of American farmers and business men the hordes of bungling bureaucrats and the load of red tape and regulations under which they've staggered so many years.

Necessary regulation of industry and finance will encourage, not discourage, freedom and opportunity. It must be administered by men who believe in the free enterprise system, by men who know that the personal and political freedom of the average American citizen is more important than increased power for a Government bureau.

We must have a Government that wants every American to succeed, a Government that will make possible full employment with an ever-increasing standard of living for every man and woman who works.

Above all, we must have an Administration that will restore unity to our country. That means a Government with teamwork in its own ranks — a Government that works in harmony with Congress —a Government that has equal respect for the rights of agriculture, labor and business, and for every race, creed and color.

The years that lie ahead will be largely peacetime years. They will bring great problems and great opportunities. Let us determine now that we shall work together in unity as free Americans under an Administration that believes in the future of America.

Tonight, brave men on far-off battlefronts are fighting and dying for our country. If we are to be worthy of their sacrifices, we must strengthen freedom here at home. That we will do and, with God's help, we will build a future fit for heroes—a land of equal opportunity for all.

Mr. Dewey's Address At "Herald-Tribune" Forum

Mrs. Reid, Ladies and Gentlemen:

It's a great pleasure to participate in this annual exchange of opinion about urgent problems of our time. Certainly the most urgent problem we face in the world is the prevention of future wars.

We are agreed on one thing: We must not have a third world war. That means we must prevent a future war before it happens. If any doubts remained after Pearl Harbor, they have been ended by the last desperate act of the Nazis in launching Hitler's blind weapon the revenge, the robot bomb. This is futile savagery. But it serves to warn us against the future.

Japanese planes launched from a few aircraft carriers on Dec. 7, 1941, struck us a devasting blow at Pearl Harbor. If we fail to make secure the peace of the world, the next war will not begin by a surprise attack on an outlying base. It will begin when robot bombs launched thousands of miles away suddenly rain death and destruction on our major cities.

Even before this war the airplane had reduced the size of the earth. The robot bomb has made this world of ours still smaller. It's put us under the guns of any aggressor nation that may rise to power anywhere in the world.

If there should ever be a third World War, America would be in the front lines in the very first hour. That's not an argument, it is a fact.

Every American must learn the inescapable conclusion. We must never forget it. We must never again run the risk of permitting war to break loose in the world. Together with all freedom-loving people we've had a very narrow escape. We dare not take another chance. This war must be the last war.

To this end the United States must take the lead in establishing a world organization to prevent future wars. I am a little more than tired of the defeatist attitude which some people take toward our participation in world affairs. To hear them talk, you would think that the United States had never shown any competence in foreign relations. At least, not until the last few years.

Actually, from the earliest days of our nation, when Benjamin Franklin induced the King of France to enter the Revolutionary War on our side, American history is packed with diplomatic triumphs and international achievements.

Time and again, even in the earliest days of our Republic, the United States wielded a moral force far in excess of its military power. In more recent years our history is studded with a series of brilliant measures taken by able American Secretaries of State to broaden the basis of international collaboration.

On any roll-call of these great American Secretaries of State, there would stand out the names of Blaine, and Hay, and Root, of Hughes, Kellogg and Stimson. Their names are linked to such achievements as the Good Neighbor Policy, the Open Door for China, the Hague Peace Conference, the disarmament conference by which the Japanese Navy was limited to an inferior status, the Pact of Paris to outlaw war, the World Court, the policy of non-recognition of the fruits of aggression and many measures to broaden the basis of international cooperation.

All these were great achievements carried through by men who had the respect of their country and of other nations. And every one of these great Secretaries of State whom I have mentioned was a Republican.

These achievements and countless others were made under Administrations where the President conducted foreign affairs through the Secretary of State and our regular foreign service. These Presidents did not presume to be both President and Secretary of State. They did not presume to substitute their own personal will for the informed judgment of the American people.

If we are to be successful in our future labors to bring about lasting peace they cannot be the property of one party or of one man. They must draw their strength from all our people everywhere. Only a united America can exercise the influence on the world for which its strength and ideals have equipped it. Of that I am deeply convinced.

I am equally convinced that, to the extent that we leave our international relations to the personal, secret diplomacy of the President, our efforts to achieve a lasting peace will fail. In many directions today our foreign policy gives cause for deep anxiety.

The case of Poland is one example. Poland was the first nation to resist the oppression of Hitler. The restoration of free Poland is the outstanding symbol of what we are fighting for. Admittedly, Poland has differences with Russia that go deep in history and for which there's no simple solution. Yet Mr. Roosevelt undertook to handle this matter personally and secretly with Mr. Stalin. At their only meeting, neither our Secretary of State nor the Under-Secretary was present. Instead Mr. Roosevelt took along Mr. Harry Hopkins, who acquired his training in foreign affairs in running the WPA. But, because of the secret nature of the meeting, American public opinion has been silenced by the fear that some delicate negotiation might be embarrassed.

Mr. Roosevelt nevertheless has not yet even secured Russian recognition of those whom we consider to be the true Government of Poland. Neither was it possible to save that immortal group of Polish patriots, led by General Bor, who struck, as they believed, in coordination with Russia, only to be abandoned. After sixty-three days of gallant and unequal struggle, they were overwhelmed by the Nazis.

In all this, we Americans would have a clearer conscience, if the voice of our people had not been stifled.

Now look to Italy. Some fifteen months have passed since Italy's surrender. We have sent over a batch of alphabetical agencies. They brought with them invasion currency bearing the legend "Freedom From Want. Freedom From Fear." What a mockery that must seem to the Italian people. Here's the comment of the vice president of the International Ladies Garment Workers Union, who has just returned from Italy. He reports:

"Mass unemployment, hunger, despair, degradation, delinquency and painful disappointment" because the Allies have not "helped the Italian people help themselves." He quotes the solemn warning of the Pope as follows: "The great democracies must show greater interest and concern for Italy if she is not to plunge from one dictatorship into another."

The Italian people deserve something better than the improvised, inefficient administration which personal New Deal Government is giving them.

Take now the case of Germany. Our experience in Italy should have brought about timely decisions on how to handle the invasion and occupation of Germany. As long ago as last January General Eisenhower told us we would have to deal with that problem this year. Yet, when the invasion of Germany began, there was still no official plan. Careful plans had, to be sure, been worked out by the two departments primarily qualified — the War and the State Departments. But that kind of planning goes for nothing when the President personally handles foreign policy.

There was a conference involving this very vital subject between the President and Mr. Churchill at Quebec last month. Did Mr. Roosevelt take the Secretary of War or the Secretary of State to the conference? As usual he took neither. Instead, he took with him the Secretary of the Treasury, whose qualifications as an expert on military and international affairs are still unknown.

And the result was what you might expect. It was a first-class Cabinet crisis when it appeared that the work of the State Department and the War Department was to be scrapped. Well, the brand new scheme of the Treasury Department was the one that was finally scrapped in the end. A new plan was ordered, this time to be produced by Mr. Crowley, head of the Foreign Economic Administration. And still there is no official plan.

"Meanwhile, Germany's propaganda Minister Goebbels has seized upon the episode to terrify the Germans into fanatical resistance. On the basis of our Treasury Department's ill conceived proposals, the German people were told that a program of destruction was in store for them if they surrendered. Almost overnight, the morale of the German people seemed changed. They are fighting with the frenzy of despair. We are paying in blood for our failure to have ready an intelligent program for dealing with invaded Germany.

Turn now to France. The unfortunate consequence of Mr. Roosevelt's well-known personal antipathy for General de Gaulle are only too well known. We backed his antagonist, Darlan. When Darlan was assassinated we backed Giraud. Now, with France free, Mr. Roosevelt is compelled to deal with General de Gaulle, who is in fact heading the only existing French Government.

Mr. Roosevelt's persistent refusal to grant recognition to the de Gaulle Government of France is contributing to the increasing chaos behind our lines at a critical period of the war. France is Germany's principal neighbor and knows most about German aggression. The glorious resistance the French people made during four tortured years entitles them to more generous treatment. We need France in our councils and we need her now.

One more illustration. Look at Rumania. On Sept. 12, 1944, an agreement was made restoring peaceful relations. This was no mere military armistice. That agreement fixed the future frontiers of Rumania. It disposed of Bessarabia and Transylvania, two of the worst trouble spots of Europe. It dealt with economic matters.

Now who negotiated and signed that agreement? It was signed, "by the authority of the Government of the U. S. S. R., the United Kingdom and the United States by Melinosky." That treaty was signed by a representative of Soviet Russia acting on behalf of the United States.

The day after it was signed the Secretary of State of the United States declined on the ground that the terms had not been received from Moscow in time for study.

These are just a few examples of what happens when a President insists upon handling foreign affairs on the basis of personal, secret diplomacy. The result is today that no one knows what our foreign policy is with respect to Poland, France, Germany, Rumania and other countries of Europe, or for that matter, South America or China. We have no hint of what commitments may have been made and American opinion is stifled and ineffective.

Yet despite these obstacles we're fighting our way to victory and we shall achieve American participation in a world organization to prevent future wars.

We're going to succeed because in this matter we have followed the American way of doing things. The handling of this vital matter has been left to the State Department, where it belongs.

Many times in the past, and six weeks ago, in detail, I have set forth the principles which should govern us in the great work ahead. There are two distinct tasks. One is the immediate problem of victory—the question of what shall be done with Germany and Japan when they have surrendered. The other is the long-term problem of world organization for peace.

The first task is primarily the responsibility of the victors. It will require continued close collaboration among the four great powers, the United States, Great Britain, Russia and China. France, too, must have a voice as well as other countries whose territory has been conquered by the Nazis, but whose heroic people have shared in the winning of the victory.

Germany and Japan must not only be utterly defeated but also completely disarmed. As I have already suggested, it may be necessary to forbid Germany any aviation industry of her own and the entire Ruhr, which is the heart of Germany's heavy industry, should be internationalized. Beyond that, the war criminals, both high and low, must be brought to justice. The people of Germany and Japan must be taught, once and for all, that war does not pay.

But I cannot repeat too emphatically that the second major task, the building of a world organization for peace should not wait upon final victory, it should go forward, as rapidly as possible to immediate solution.

The main outlines of that organization have already become clear. It must include a general assembly comprising all the peace-loving nations of the world and a council small enough for almost continuous meeting and prompt action.

This world organization must be enabled, through the use of force, where necessary, to prevent or repel military aggression. It must be supplemented by a world court to deal with international disputes.

These in essence were also the recommendations since drawn up by the conferences at Dumbarton Oaks. At those conferences we have made a good start. But this is only beginning. Important matters remain to be worked out. It would be a profound tragedy if. after having reached a broad general area of agreement on the major principles, we should now fall to impatient quarelling over things still to be settled.

There are already those among us who want to attack the work that was done at Dumbarton Oaks because it did not go far enough. There are others, equally vehement, who are fearful that the plans go too far. Extremists on both sides have missed the point. The important point is that a beginning has been made. Let us remember that achievement can only be reached through agreement — agreement between the Executive and the Congress, agreement among our people, agreement not merely among the three most powerful nations, but among some sixty nations which must join in this endeavor for it to succeed. It is imperative that the small nations of the world be brought into full partnership in this work now and not later.

World opinion in the final analysis is essential to continuing success. Force without justice can never preserve peace. The treatment of small nations is the test of the conscience of civilization. They should have a full share in these labors from the start.

There are two great disasters which could occur to us. The first would be if a few individual rulers should in secret conferences try to shape the future peace of the world. The second would be for any nation involved to break up into quarreling groups over individual proposals. We must make certain that our participation in this world organization is not subjected to reservations that would nullify the power of that organization to maintain peace and to halt future aggression.

The surest way to invite disaster is to insist that everything must be perfect from the start. Human progress isn't made that way and this is a profoundly human problem. Whatever the difficulties, we must not be diverted from our goal by the irreconcilables of either camp. We have before us vividly the grim reminder of the robot bomb, which shows no nation anywhere can be safe against aggression. No single nation can make itself impregnable to attack. We can no longer rely solely upon our own defenses or upon our own love of peace. We can and we must have a world organization to prevent future wars.

We must have two unities on which to build. One is the unity of the United Nations, the other is unity of the American people.

We're working successfully now with 130,000,000 of our own people to satisfy and with almost sixty other nations to come to agreement. I am sure none of us will get exactly what he wants. Individuals must have convictions, but if any of us insists, on exactly what he wants or nothing, we will get nothing, and that would be the greatest disaster the human race has ever suffered.

Secretary Hull is working steadily with a bi-partisan committee of the United States Senate in the best American fashion. I've been happy to join with Secretary Hull in nonpartisan work between both parties on the drafts which have recently been completed at Dumbarton Oaks.

In the end I am convinced that we can meet all of these problems if we will use patience, wisdom and the full force of our people's determination.

We've made a great beginning. We must hasten our labors to a successful conclusion. Our objectives and our methods must be known to our people and approved by them so that they will be willing to support them and to sacrifice for them in all the years to come. Ten million Americans are making sacrifices today, beyond any our nation has seen before. Some will come home permanently scarred, some will never return. These tragedies must not visit us again. Our dead must not have died in vain.

We must keep our unity at home bright and fresh for the great tasks ahead. With that unity we can give leadership in bringing lasting peace to a stricken world.

Ton-Miles Of Revenue Freight Decline 2.5%

The volume of freight traffic handled by Class I railroads in September, 1944, measured in revenue ton-miles, amounted to approximately 61,000.000,000 ton-miles, according to the Association of American Railroads. This was a decrease under September 1943 of 2.5%.

The Class I railroads in the first nine months of 1944 performed 2.8% more revenue ton miles of service than in the same period of 1943. The 1944 total was 20% greater than 1942 and 2⅓ times the ton-miles volume of the first nine months in 1939.

The following table summarizes revenue ton-mile statistics for the first nine months of 1943 and 1944 (000's omitted):

	1944	1943	% Change
1st 7 mos.	431,273,490	413,674,358	+4.3
August	*64,500,000	65,103,271	—0.9
September	†61,000,000	62,545,917	—2.5
9 mos. tot.	556,773,490	541,323,546	+2.8

*Revised estimate. †Preliminary estimate.

FDR Sees World Peace Plans Imperilled By Republican Victory

(Continued from first page)

conditioned by the fact that millions of our American boys are today fighting many thousands of miles from home, for the first objective, the defense of our country, and the second objective, the perpetuation of our American ideals. And there are still many hard and bitter battles to be fought.

Historic Policy of the Nation

The leaders of this nation have always held that concern for our national security does not end at our borders. President Monroe and every American President following him were prepared to use force, if necessary, to assure the independence of other American nations threatened by aggressors from across the seas.

That principle we've learned in childhood has not changed. The world has. Wars are no longer fought from horseback or from the decks of sailing ships.

It was with recognition of that fact, that way back in 1933 we took as the basis of our foreign relations the Good Neighbor Policy—the policy, the principle of the neighbor who, resolutely respecting himself, equally respects the rights of others.

We and the other American Republics have made the Good Neighbor Policy real, real in this hemisphere. And I want to say tonight that it is my conviction that this policy can be and should be made universal throughout the world.

At American, inter - American conferences beginning in Montevideo in 1933, and continuing down to date, we have made it clear, clear to this hemisphere at least, and I think to most of the world, that the United States of American practices what it preaches.

Our action in 1934, for example, with respect to Philippine independence was another step in making good the same philosophy that animated the Good Neighbor Policy of the year before.

And as I said two years ago: "I like to think that the history of the Philippine Islands in the last 44 years provides in a very real sense a pattern for the future of other small nations in the world. It is a pattern of what men of good-will look forward to in the future to come."

And I cite as an illustration in the field of foreign policy something that I'm proud of—that was the recognition in 1933 of Soviet Russia.

And may I add a personal word. In 1933, a certain lady who sits at a table in front of me came back from a trip on which she had attended the opening of a schoolhouse. And she had gone to the history class, history and geography, children of 8, 9 and 10, and she told me she had seen there a map of the world with a great big white space upon it; no name, no information, and the teacher told her that it was blank with no name because the school board wouldn't let her say anything about that big blank space. Oh, there were only 180,000,000 to 200,000,000 people in it, it was called Soviet Russia, and there were a lot of children and they were told that the teacher was forbidden by the school board even to put the name of that blank space on the map.

For 16 years before then the American people and the Russian people had no practical means of communicating with each other. We reestablished those means, and today we are fighting with the Russians against common foes, and we know that the Russian contribution to victory has been, and will continue to be, gigantic.

However, we have to take a lot of things. Certain politicians, now very prominent in the Republican party, have condemned our recognition.

I am impelled to wonder how Russia would have survived, survived against the German attack, if these same people had had their way.

Republican Isolationism Recalled

After the last war—in the political campaign of 1920—the isolationist Old Guard professed to be enthusiastic about international cooperation.

And—I remember very well—while campaigning for votes in that year of 1920 Senator Harding said that he favored with all his heart an Association of Nations, "so organized, so participated in"—I am quoting the language—"as to make the actual attainment of peace a reasonable possibility."

However, and this is history, too, after President Harding's election the Association of Nations was never heard of again.

However, we've got to look at people. One of the leading isolationists who killed international cooperation in 1920 was an old friend of mine—I think he supported me two or three times—Senator Hiram Johnson. Now, in the event of Republican victory in the Senate this year, 1944, that same Senator Johnson, who is still a friend of mine—he would be Chairman of the Senate Foreign Relations Committee. And I hope that the American voters will bear that in mind.

And it's a fact, a plain fact; all you have to do is to get back through the files of the newspapers. During the years that followed 1920, the foreign policy of the Republican Administrations was dominated by the heavy hand of isolationism.

Much of the strength of our Navy, and I ought to know it, was scuttled, and some of the Navy's resources were handed over to friends in private industry—as in the unforgettable case of Teapot Dome.

Tariff walls went higher and higher — blocking international trade.

There was snarling at our former Allies and at the same time encouragement was given to American finance to invest two and one-half billion dollars in Germany—our former enemy.

All petitions that this nation join the World Court were rejected or ignored.

Administration Record Cited

We know that after this Administration took office, Secretary Hull and I replaced high tariffs with a series of reciprocal trade agreements under a statute of the Congress. The Republicans in the Congress opposed these agreements and tried to stop the extension of the law every three years.

In 1935 I asked the Congress to join the World Court. It so happens, and I put it that way, the Democrats in the Senate at that time voted for it, for joining, 43 to 20, the two-thirds. The Republicans voted against it 14 to 9. And the result was that we were prevented from obtaining the necessary two-thirds majority. I did my best.

In 1937 I asked that aggressor nations be quarantined. For this I was branded by isolationists in and out of public office as an "alarmist" and a "warmonger."

From that time on, as you well know, I made clear by repeated messages to the Congress of the United States, by repeated statements to the American people, the danger threatening from abroad—and the need of rearming to meet it.

Why, in, for example, in July, 1939, I tried to obtain the repeal of the Arms Embargo provisions in the Neutrality Law that tied our hands, tied us against selling arms to the European democracies in defense against Hitler and Mussolini.

I remember very well—I've got a note on it somewhere in my memoirs—the late Senator Borah told a group which I called together in the White House, that his own private information from abroad was better than that of the State Department of the United States and that there would be no war in Europe.

And as it was made plain to Mr. Hull and me—and it was made plain to us at that time—that because of the isolationist vote in the Congress of the United States we could not possibly hope to obtain the desired revision of the Neutrality Law.

Now, this fact was also made plain to Adolf Hitler. A few weeks later after Borah said that to me, he brutally attacked Poland, and the second World War began.

Let's get on. In 1941, this Administration proposed and the Congress passed, in spite of isolationist opposition, a thing called Lend-Lease Law — the practical and dramatic notice to the world that we intended to help those nations resisting aggression.

Alludes to Rival Attacks

Bring it down to date, in these days—and now I am speaking of October, 1944—I hear voices in the air attacking me for my "failure" to prepare this nation for this war, to warn the American people of the approaching tragedy.

It's rather interesting as a side thought that these same voices were not so very audible five years ago—or even four years ago—giving warning of the grave peril which we then faced.

There have been, and there still are, in the Republican Party distinguished men and women of vision and courage, both in and out of public office, men and women who have vigorously supported our aid to our Allies and all the measures that we took to build up our national defense. And many of these Republicans have rendered magnificent services to our country in this war as members of my Administration. I am happy that one of these distinguished Americans is sitting here at this table tonight, our great Secretary of War—Henry Stimson.

And let us always remember that this very war might have been averted if Henry Stimson's views had prevailed when in 1931 the Japanese ruthlessly attacked and raped Manchuria.

Let's analyze a little more. The majority of the Republican members of the Congress voted—I'm just giving you a few, not many—voted against the Selective Service Law in 1940; they voted against Repeal of the Arms Embargo in 1939; they voted against the Lend-Lease Law in 1941, and they voted in August, 1941, against extension of the Selective Service, which meant voting against keeping our Army together—four months before Pearl Harbor.

You see, I'm quoting history to you. I'm going by the record, and I am giving you the whole story, and not a phrase here, and half a phrase there. [Here the President was interrupted by loud applause.] In my reading copy is another half-sentence. You got the point and I'm not going to use it. [The omitted half-sentence was: "picked out of context in such a way they distort the facts."]

You know I happen to believe, sort of old-fashioned, guess I'm old, that even in a political campaign we ought to obey that ancient injunction—Thou shalt not bear false witness against thy neighbor.

Now the question of the men who will formulate and carry out the foreign policy of this country is in issue in this country, very much in issue. It is in issue not in terms of partisan application but in terms of sober, solemn facts—the facts that are on the record.

If the Republicans were to win control of the Congress in this election—and it's only two weeks from next Tuesday and I occupy the curious position of being President of the United States and at the same time a candidate for the Presidency—if the Republicans were to win control of the Congress inveterate isolationists would occupy positions of commanding influence and power. That's record, too.

I have already spoken of the ranking Republican member of the Senate Foreign Relations Committee, Senator Hiram Johnson.

One of the most influential members of the Senate Foreign Relations Committee — a man who'd also be Chairman of the powerful Senate Committee on Appropriations — is Senator Gerald P. Nye. Well, I'm not going back to the old story of the last Presidential campaign, Martin and Barton and Fish. One of 'em's gone.

But in the House of Representatives the man who is the present leader of the Republicans there, and another friend of mine, and who'd undoubtedly be speaker, is Joseph W. Martin. He voted, I'm just giving you examples, he voted against repeal of the Arms Embargo; he voted against the Lend-Lease Bill, against the extension of the Selective Service Law, against the arming of merchant ships, against the Reciprocal Trade Agreements Act, and their extension.

The Chairman on the powerful Committee on Rules is the other one, would be none other than Hamilton Fish.

These are like a lot of others in the Congress of the United States. Every one of them is now actively campaigning for the national Republican ticket this year.

Can any one really suppose that these isolationists have changed their minds about world affairs? That's a real question. Politicians who embraced the policy of isolationism—and who never raised their voices against it in our days of peril—I don't think they're reliable custodians of the future of America.

Let's be fair. There have been Democrats in the isolationist camp, but they have been relatively few and far between, and so far they have not attained great positions of leadership.

And I am proud of the fact that this Administration does not have the support of the isolationist press. Well, for about half a century I've been accustomed to naming names—I mean specifically, to take the glaring examples, the McCormick, Patterson, Gannett and Hearst press.

You know the American people have gone through great national debates in the recent critical years. They were soul-searching debates. They reached from every city to every village and every home.

We have debated our principles, our determination to aid those fighting for freedom.

Obviously we could have come to terms with Hitler. We could have accepted a minor role in his totalitarian world. We rejected that!

We could have compromised with Japan and bargained for a place in the Japanese-dominated Asia, the Japanese-dominated Pacific, by selling out the heart's blood of the Chinese people. And we rejected that!

As I look back I am more and more certain that the decision not to bargain with the tyrants rose from the hearts and souls and sinews of the American people. They faced reality; they appraised reality; they knew what freedom meant.

The power which this nation has attained — the political, the economic, the military and above all the moral power—has brought to us the responsibility, and with it the opportunity, for leadership in the community of nations. In our own best interest, in the name of peace and humanity, this nation cannot, must not, and will not shirk that responsibility.

Now there are some who hope to see a structure of peace, a structure of peace completely set up, set up immediately, with all of the apartments assigned to everybody's satisfaction, with the telephones in, and the plumbing complete, the heating system, the electric iceboxes all functioning perfectly, all furnished with linen and silver—and with the rent prepaid.

The United Nations have not yet produced such a comfortable dwelling place. But we have achieved a very practical expression of a common purpose on the part of four great nations, who are now united to wage this war, that they will embark together after the war on a greater and more difficult enterprise—on the enterprise of waging peace. We will embark on it with all the peace-loving nations of the world—large and small.

And our objective, as I stated ten days ago, is to complete the organization of the United Nations without delay, before hostilities actually cease.

Quick Action for Peace

You know peace, like war, can succeed only when there is a will to enforce it, and where there is available power to enforce it.

The Council of the League of Nations, of the United Nations, must have the power to act quickly and decisively to keep the peace by force, if necessary.

I live in a small town, and I always think in small town terms, but this goes for small towns as well as for big towns. A policeman would not be a very effective policeman if, when he saw a felon break into a house, he had to go to the town hall and call a town meeting to issue a warrant before the felon could be arrested.

So to my simple mind, it is clear that, if the world organization is to have any reality at all, our American representative must be endowed in advance by the people themselves, by constitutional means through their representatives in Congress, with authority to act.

If we do not catch the international felon when we have our hands on him, if we let him get away with his loot, because the town council has not passed an ordinance authorizing his arrest, then we are not doing our share to prevent another World War. I think, and I have had some experience, that the people of this nation want their Government to work, they want their Government to act, and not merely talk, whenever and wherever there is a threat to world peace.

Now it is obvious that we cannot attain our great objectives by ourselves. Never again after cooperating with other nations in a world war to save our way of life can we wash our hands of maintaining the peace for which we fought.

The Dumbarton Oaks Conference didn't spring up overnight. It was called by Secretary Hull and me after years of thought, discussion, preparation, consultation with our Allies. Our State Department did a grand job in preparing for the conference and leading it to a successful termination. It was just another chapter in the long process of cooperation with other peace-loving nations—beginning with the Atlantic

Charter, that's a long time ago, and continuing through conferences at Casablanca, and Moscow, and Cairo and Teheran and Quebec and Washington.

It is my profound conviction that the American people as a whole have a very real understanding of these things.

The American people know that Cordell Hull and I are thoroughly conversant with the Constitution of the United States and know that we cannot commit this nation to any secret treaties or any secret guarantees that are in violation of that Constitution.

After my return from Teheran I stated officially that no secret commitments had been made. The issue then is between my veracity and the continuing assertions of those who have no responsibility in the foreign field—or, perhaps I should say, a field foreign to them.

No President of the United States—there have been quite a lot of them, too—can or could have made the American contribution to preserve the peace without the constant, alert and conscious collaboration of the American people.

Only the determination of the people to use the machinery gives worth to the machinery. Remember that.

We believe that the American people have already made up their minds on this great issue; and this Administration has been able to press forward constantly with its plans.

We are thinking to avert and avoid war.

The very fact that we are now at work on the organization of the peace proves that the great nations are committed to trust each other. Put this proposition any way you want, it is bound to come out the same way; we either work with the other great nations, or we might some day have to fight them. And I am against that.

The kind of world order which we the peace-loving nations must achieve, must depend essentially on friendly human relations, on acquaintance, on tolerance, on unassailable sincerity and goodwill and good faith. We have achieved that relationship to a very remarkable degree in our dealings with our Allies in this war—as I think the events of the war have proved.

It is a new thing in human history for allies to work together as we have done—so closely, as harmoniously, as effectively in the fighting of a war, and at the same time in the building of a peace.

If we fail to maintain that relationship in the peace—if we fail to expand it and strengthen it—then there will be no lasting peace.

The Problem of Germany

I digress for a moment. As for Germany, that tragic nation which has sown the wind and is now reaping the whirlwind, we and our Allies are entirely agreed that we shall not bargain with the Nazi conspirators, or leave them a shred of control—open or secret—of the instruments of government.

We shall not leave them a single element of military power—or a potential military power.

But I should be false to the very foundation of my religious and political convictions, if I should ever relinquish the hope—or even the faith—that in all peoples, without exception, there lives some instinct for truth, some attraction toward justice, some passion for peace—buried as it may be in the German case under a brutal regime.

We bring no charge against the German race, as such, for we cannot believe that God has eternally condemned any race or humanity. We know in our own land, in the United States of America, how many good men and women of German ancestry have proved loyal, freedom-loving, and peace-loving citizens.

But there is going to be a stern punishment for all those in Germany directly responsible for this agony of mankind.

The German people are not going to be enslaved. Why? Because the United Nations do not traffic in human slavery. But it will be necessary for them to earn their way back—earn their way back into the fellowship of peace-loving and law-abiding nations. And, in their climb up that steep road, we shall certainly see to it that they are not encumbered by having to carry guns. We hope they will be relieved of that burden forever.

Now, the task ahead of us will not be easy. Indeed, it will be as difficult, complex, as any task which has ever faced any American Administration.

I will not say to you now, or ever, that we of the Democratic Party know all the answers. I am certain, for myself, that I do not know how all the unforeseeable difficulties can be met. What I can say to you is this—that I have unlimited faith that the task can be done. And that faith, that faith, is based on knowledge, knowledge gained in the arduous, practical and continuing experience of these past eventful years.

Generation's "Exalted Mission"

And so I speak to the present generation of Americans with a reverent participation in its sorrows and in its hopes. No generation has undergone a greater test, or has met that test with greater heroism, and I think greater wisdom, and no generation has had a more exalted mission.

For this generation must act not only for itself, but as a trustee for all those who fell in the last war—a part of their mission unfilled.

It must act also for all those who have paid the supreme price in this war—lest their mission, too, be betrayed.

And, finally, it must act for the generations to come—that must be granted a heritage of peace.

I do not exaggerate that mission. We are not fighting for, and we shall not attain a Utopia. Indeed, in our own land, the work to be done is never finished. We have yet to realize the full and equal enjoyment of our freedom. So, in embarking on the building of a world fellowship, we have set ourselves a long and arduous task, a task which will challenge our patience, our intelligence, our imagination as well as our faith.

That task, my friends, calls for the judgment of a seasoned and mature people. This, I think, the American people have become. We shall not again be thwarted in our will to live as a mature nation, confronting limitless horizons. We shall bear our full responsibility, exercise our full influence, and bring our full help and encouragement to all who aspire to peace and freedom.

We now are, and we shall continue to be, strong brothers, strong brothers in the family of mankind, the family of the children of God.

President Appeals For Nat'l War Fund

In an appeal for support for the National War Fund on Oct. 17, President Roosevelt stated that "in these days, as we begin to see the approach of victory, it may seem more of a burden to us to measure up to our war jobs and responsibilities." The President went on to say: "Our gift to our community war fund is one way to show that there is no let-down in the spirit and unity of this country. This gift—this expression of our own free will—speaks from the heart of the nation."

"Because of this," said the President, "I know that this appeal will be met gladly and generously. I know we will reaffirm our concern for our own and our Allies." The President's appeal, as given in the New York "Times," follows:

Once again I come to you on behalf of your community war fund, united with the National War Fund in a common federated appeal "for our own and for our Allies."

This year, more than ever, we need the friendly aid and assistance of all these great humanitarian agencies for our fighting forces, for the long-suffering peoples of the United Nations, and for those in need among our neighbors here at home. These united services can bring us one step farther in our fight for decency, humanity and goodwill towards men.

Through a single gift to this united appeal, we are able to extend the hand of friendship to millions of people at home and around the world — to perform millions of acts of kindness.

Through this one gift we show the warmth of our affection for our men and women in uniform by providing them with the home comforts and conveniences of the USO [United Service Organizations] and, to those whose service has been fulfilled a friendly hand in getting adjusted to civilian life all over again. Through USO Camp Shows, one of the great institutions of this war, we bring the spirit-refreshing tonic of good American entertainment to every camp, every military hospital and every fighting front.

Through this same gift, we also support United Seamen's Service, providing rest and relaxation for our merchant seamen — the men who are bringing the convoys through.

And we help to keep up the spirits of the homesick and heartsick prisoners of war—with the music, the books, the sports and games provided by War Prisoners' Aid.

It is through this gift that we send a token of our own personal friendship to the tragic victims of brute slavery and those who have so long borne the burden of fighting this war — the hungry, the sick and the homeless peoples of China, Russia, Britain, Belgium, France, Greece, Norway, Poland, the Netherlands, the Philippines, and other friends and neighbors in the community of nations. This personal gift made by you, this token of sympathy and appreciation, is more than mere monetary assistance.

The great warm-hearted goodwill that you have expressed through these funds has helped immeasurably to revive the spirit of faith and hope in many lands across the seas where there have been bitterness and hatred after the years of war and oppression.

Wherever our "GI's" go, they are welcomed not only as liberators but as good friends. Wherever they go, their presence spells "America" and that is a word now beloved of more millions of people throughout the world than ever before in our history.

And finally — through this united gift we contribute to the important wartime job at home of taking good care of our children and our young people—giving a helping hand to our neighbor down the street — maintaining standards of welfare worthy of the great efforts of our fighting forces.

This gift of friendship—this participation in our community war appeal—is one war job we are not compelled to do, but it is one that we all willingly wish to do. This is typical of democracy at its best.

In these days, as we begin to see the approach of victory, it may seem more of a burden to us to measure up to our war jobs and responsibilities. Our gift to our community war fund is one way to show that there is no let-down in the spirit and unity of this country. This gift—this expression of our own free will—speaks from the heart of the nation.

Because of this I know that this appeal will be met gladly and generously. I know that we will reaffirm our concern for our own and for our Allies.

We cannot let them down now! I know that we will keep faith with them as they are keeping it with us until their job is done. I know that we will all have a great sense of pride on that glad day of their return—which we are trying to make as speedy as possible—when they shake us by the hand and say: "Thanks for helping, friend. In many ways it meant a lot to us out there!"

I ask your support in a big way—a way that will count.

State Dept. Answers Dewey's Charges On Rumania Policy

The State Department took occasion on Oct. 19 to issue a statement in reply to allegations made by Gov. Thomas E. Dewey regarding Rumania in his speech before the New York "Herald Tribune" Forum on Oct. 18 in which Mr. Dewey criticized the foreign policies of President Roosevelt. The State Department's statement, as contained in Associated Press accounts from Washington, follows:

"Governor Dewey's statement leaves out the following facts:

"The terms of surrender for Rumania were in the form of an armistice agreement in which this Government participated at all stages. Precisely because it was a military document and not a peace settlement it was presented by Marshal Malinovski, the theatre commander, duly authorized by the Governments of the United States, the USSR and the United Kingdom. This action by Marshal Malinovski followed directly the pattern of General Eisenhower in signing the armistice with Italy on behalf of the United States, the United Kingdom and the USSR.

"With regard to the terms themselves, Secretary Hull on Sept. 20, 1944, pointed out in a statement to the press that the question of the final disposition of Transylvania would depend upon confirmation at the time of the general peace settlement. The settlement with regard to Bessarabia merely restores the frontier between the two States as established by the Soviet-Rumanian agreement of June 8, 1940.

"Secretary Hull made it clear to correspondents that this Government participated at all stages in the discussions leading to the armistice agreement with Rumania when, in a press statement on Sept. 20, 1944, he pointed out that this Government had participated in the discussions leading to the surrender terms, and he stated specifically that this Government had been kept fully advised of the terms regarding Translyvania.

"When the Secretary of State at his press and radio news conference on Sept. 13 announced that the Rumanian armistice had been agreed to and indicated that he had not received its contents, he, of course, referred to the final official text, the provisions of which had been agreed to by this Government's representative on the basis of his specific instructions from this Government and the discussions in which the Department had participated.

"The definitive text was received later the same day and immediately released to the press."

Antonini Of ILGWU Disputes Dewey Remarks On Italy

From the New York "Herald Tribune" of Oct. 20 we take the following regarding remarks as to Italy, contained in Gov. Dewey's address made at the Forum on Oct. 18.

Luigi Antonini, Vice-President of the International Ladies' Garment Workers Union, said here yesterday that Gov. Thomas E. Dewey's address Wednesday night contained a "flagrantly garbled" version of Mr. Antonini's views on the Administration's policy in Italy.

In Mr. Dewey's indictment of President Roosevelt's foreign policy with respect to Italy, the Governor referred to "the comment of the Vice-President of the International Ladies' Garment Workers Union, who has just returned from Italy."

Mr. Dewey continued: "He reports 'mass unemployment, hunger, despair, degradation, delinquency and painful disappointment,' because the Allies have not 'helped the Italian people help themselves.'

"He quotes the solemn warning of the Pope as follows: 'The great democracies must show greater interest and concern for Italy if she is not to plunge from one dictatorship to another.'"

Mr. Antonini said the quoted remarks were made by him during a press interview upon his return from Italy early this month, but that the two separate phrases were lifted from their context "and juggled to say the opposite of what I meant."

"To set the record straight, let me state the facts," said Mr. Antonini. "On Oct. 4 I told the press that Italy was beset by mass unemployment, hunger, despair and delinquency. I further spoke of the Italian people being disappointed in the Allies not helping them sufficiently to help themselves.

"Mr. Dewey's speech-makers took the above and had him fabricate an entirely false construction. He proceeded to use these quotation marks for combining two distinct and separate facts which I reported. He thereby presents an utterly distorted picture of my findings. Of course there is mass misery in Italy. Of course the Italian people would like more help from the Allies. But neither the Italian people, nor I, nor any fair-minded person, ever blamed or could, in his right senses, blame our country or any of its Allies for their present plight."

Cotton Spinning For Sept.

The Bureau of the Census announced on Oct. 19 that, according to preliminary figures, 23,198,096 cotton spinning spindles were in place in the United States on September 30, 1944, of which, 22,279,574 were operated at some time during the month, compared with 22,240,676 for August, 22,289,904 for July, 22,373,494 for June, 22,387,784 for May, and 22,630,432 for September 1943. The aggregate number of active spindle hours reported for the month was 9,380,598,254, an average of 404 per spindle in place, compared with 9,952,330,677, an average of 428 per spindle in place, for last month, and 10,324,970,214, an average of 442 per spindle in place for September 1943. Based on an activity of 80 hours per week, cotton spindles in the United States were operated during September 1944 at 122.3% capacity. This percentage compares, on the same basis, with 116.3 for August, 115.5 for July, 118.5 for June, 119.0 for May, and 127.5 for September 1943.

The State Of Trade

(Continued from page 1826)

Average weekly earnings in August were $48.89, an increase of 0.1% from the July total, according to the Board's monthly survey of 25 industries. They were 5.7% higher than in August, 1943, and 59.7% above the January, 1941, figure.

Employment dropped by 0.6% from July, making a decrease of 7.7% from August, 1943. It remained 25.8% more than in January, 1941. Payrolls declined 0.6% and were 2.5% below the August, 1943, total, but 101% higher than in January, 1941.

Steel Industry—The steel industry the past week gave evidence that it was losing or would soon lose more of its production difficulties such as carryovers, unwieldy backlogs and intense delivery pressure, reports "The Iron Age" in its summary of the steel market. Steel ingot production has been maintained at high levels and a fairly steady rate, although with a concurrent drop in net order volume.

Relatively heavy steel tonnages have been booked in the previous week, but some part of this has been nullified by a high rate of cancellations. The latter have stemmed mostly from the drastic cut in the landing mat program. Little difficulty has been experienced taking up the slack in mill schedules caused by the sharp curtailment in the landing mat program. Much of the cancellations affected advanced schedules, however, evidence points to the fact that the steel industry generally will be able to trim its flat rolled carryover substantially by the end of October, and still further by the end of November.

The steel industry the past week met whole-hearted response in its efforts to solicit new customer business to fill the landing mat cancellation gap. This may be construed as a sign that for sheets, at least, steel fabricators are fairly certain of the future to drop all pretense of hesitation when the opportunity comes to secure firm delivery.

Another industrial note which may foretell coming events, states "The Iron Age," is the inauguration of a plan by the services for establishing some 50 scrap depots throughout the country to handle a huge flood of termination scrap looked for in the next two to three months. These depots are not for stock piling purposes but principally to get the scrap out of the manufacturers' plants so as to expedite civilian production.

An outstanding post-war buyer of steel is expected to be the railroad industry, says the magazine. In 1945 the carriers will probably buy more steel rails than at any time since 1926. Tentative plans call for more than 2,900,000 tons of steel rails. Concurrent with this increase there will be a like expansion in the purchase of track accessories. The price for standard rails at present yields an unenviable return to rail producers, and some roads are anxious to get their 1945 orders on the books lest a change be made subsequently in their price. Domestic freight carbuilding programs of the roads for 1945 and beyond are said to be substantial.

Scrap markets were, with one exception the past week, still reflecting a waiting attitude. Heavy melting steel at Chicago declined $1 a ton, thus bringing "The Iron Age" composite down 33 cents a gross ton to $15.75 a gross ton. The next few weeks or so should definitely establish whether or not scrap will continue downward or strengthen considerably. Scattered evidence this week, adds the trade journal, tended to support a strengthened market viewpoint.

The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 96.3% of capacity for the week beginning Oct. 23, compared with 97% one week ago. This week's operating rate is equivalent to 1,732,400 tons of steel ingots and castings, compared with 1,745,000 net tons last week and 1,753,400 tons one year ago.

Electric Production — The Edison Electric Institute reports that the output of electricity decreased to approximately 4,354,575,000 kwh. in the week ended Oct. 14 from 4,375,079,000 kwh. in the preceding week. The latest figures approximate a decline of 0.6% from the level of one year ago, when output reached 4,382,260,000 kwh.

Consolidated Edison Co. of New York reports system output of 171,300,000 kilowatt-hours in the week ended Oct. 15, 1944, and compares with 223,700,000 kilowatt-hours for the corresponding week of 1943, or a decrease of 23.4%.

Local distribution of electricity amounted to 164,700,000 kilowatt-hours, compared with 202,800,000 kilowatt-hours for the corresponding week of last year, a decrease of 18.8%.

Railroad Income and Taxes—Based on advance reports from 86 Class I railroads, whose revenues represent 81.3% of total operating revenues, the Association of American Railroads on Oct. 21 estimated that railroad operating revenues in September, 1944, were 1.7% more than in the same month of 1943. This estimate, it was pointed out, covers only operating revenues and does not touch upon the trends in operating expenses, taxes, or final income results. Estimated freight revenues in September, 1944, were greater than in September, 1943, by 1.2%, while estimated passenger revenues were greater by 3.5%.

Class I railroads of the United States in August, 1944, had an estimated net income, after interest and rentals, of $63,000,000, compared with $84,471,665 in August, 1943, according to the Bureau of Railway Economics of the Association of American Railroads. Estimated net income, after interest and rentals, for the first eight months of 1944 totaled $451,000,000, compared with $612,842,733 in the same period of 1943. Net railway operating income, before interest and rentals, in August of this year totaled $101,363,891, compared with $132,271,087 in August, 1943. August is the fifteenth consecutive month in which the net earnings of the carriers has shown a decline.

Net railway operating income, before interest and rentals, in the first eight months of 1944 declined to $758,574,913 from $972,297,169 in the same period a year ago.

In the 12 months ended Aug. 31, 1944, the rate of return on property investment averaged 4.23%, as against 6.06% for the 12 months ended Aug. 31, 1943.

Operating revenues in August totaled $836,184,024, compared with $800,177,331 in August, 1943, while operating expenses amounted to $538,490,1[illegible], compared with $467,256,973 in the same month of 1943. Total operating revenues in the first eight months of 1944 totaled $6,281,293,315, compared with $5,937,652,210 in the same period of 1943, or an increase of 5.8%. Operating expenses in the first eight months of 1944 likewise advanced, amounting to $4,141,324,793, compared with $3,564,265,297 in the corresponding period of 1943, or an increase of 16.2%.

Taxes paid by the carriers in the fight eight months of 1944 amounted to $1,249,773,602, compared with $1,272,188,314 in the same period last year. For August alone, the tax bill of the Class I railroads amounted to $178,059,159, a decrease of $5,927,927, or 3.2% under August, 1943. Fifteen Class I railroads failed to earn interest and rentals in the first eight months of 1944, of which eight were in the Eastern District, one in the Southern Region, and six in the Western District.

RR. Freight Loadings—Carloadings of revenue freight for the week ended Oct. 14 totaled 898,650 cars, the Association of American Railroads announced. This was an increase of 20,708 cars, or 2.4% above the preceding week this year and a decline of 13,698 cars, or 1.5% below the corresponding week of 1943. Compared with a similar period in 1942, a decrease of 2,601 cars or 0.3%, is shown.

Railroad Equipment — Class I railroads on Oct. 1, 1944, had 32,224 new freight cars on order, compared with 28,896 on the same date a year ago. In addition, there were 499 new locomotives on order on Oct. 1, this year, compared with 1,067 on the same day in 1943.

New freight cars in service in the first nine months this year totaled 26,156, compared with 20,432 in the same period last year.

Of the 721 new locomotives put in service in the first nine months of 1944 by the Class I railroads, 267 were steam, one electric, and 453 Diesel. New locomotives installed in the first nine months of 1943 totaled 483.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ended Oct. 14, 1944, at 1,318,000 tons, an increase of 73,000 tons (5.9%) from the preceding week, and 17,000 tons, or 1.3% above the corresponding week of 1943. The 1944 calendar year to date shows an increase of 5.2% when compared with corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Oct. 14 at 11,875,000 net tons, representing an increase of 255,000 tons, or 2.2%, compared with 11,620,000 tons in the preceding week. Production in the corresponding week of last year amounted to 11,825,000 net tons, while output for Jan. 1 to Oct. 14, 1944, totaled 494,605,000 net tons, as against 468,734,000 tons in the same 1943 period, or a gain of 5.5%.

Estimated production of beehive coke in the United States for the week ended Oct. 14, 1944, as reported by the same source, showed no change when compared with the output for the week ended Oct. 7, last. There was, however, a decline of 51,300 tons from the corresponding week of 1943.

Silver—The London market for silver was unchanged at 23½d. The New York Official for foreign silver continued at 44¾ cents, with domestic silver at 70⅝ cents.

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 498 reporting mills were 0.2% below production for the week ended Oct. 14, while new orders of these mills were 3.0% less than production for the same period. Unfilled order files amounted to 102% of stocks.

For 1944 to date, shipments of reporting identical mills exceeded production by 3.1% and orders ran 6.2% above output.

Compared to the corresponding weeks of 1935-39, production of reporting mills was 15.3% greater, shipments 19.4% greater, and orders 14.7% greater.

Crude Oil Production — Daily average gross crude oil production for the week ended Oct. 14, as estimated by the American Petroleum Institute was 4,726,550 barrels. This represented an increase of 35,000 barrels from the preceding week, and 18,050 barrels in excess of the daily average figure recommended by the Petroleum Administration for War for the month of October, 1944. When compared with the corresponding week last year, crude oil production was 314,600 barrels per day higher. For the four weeks ended Oct. 14, 1944, daily output averaged 4,731,050 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,589,000 barrels of crude oil daily and produced 14,442,000 barrels of gasoline. Kerosene output totaled 1,352,000 barrels, with distillate fuel oil placed at 5,398,000 barrels and residual fuel oil at 8,827,000 barrels during the week ended Oct. 14, 1944. Storage supplies at the week-end totaled 78,506,000 barrels of gasoline; 14,472,000 barrels of kerosene; 47,335,000 barrels of distillate fuel, and 64,365,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

Paper Production—Paper production for the week ended Oct. 14 was at 94.7% of capacity, as against 94.8% (revised) of capacity in the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. The rate during the week ended Oct. 16, last year, was 90.2% of capacity. As for paperboard, production for the same period was reported at 96% of capacity, unchanged from the preceding week.

Business Failures — Business failures in the United States for the week ended Oct. 12 decreased to 15 from 27 in the preceding week, and compared with 36 a year ago, according to Dun & Bradstreet. Insolvencies with liabilities of $5,000 or more amounted to 10 against 19 in the preceding week and 23 a year earlier. There was one Canadian failure, compared with three a week earlier, and unchanged from a year ago.

Retail and Wholesale Trade—The upswing in retail trade volume for the country as a whole was continued the past week. Apparel buying was a feature, and gift purchases for service men overseas assisted in good measure in swelling the volume of sales. Furniture and household articles held to the pace set last year, notwithstanding the difficult supply situation, while wholesale prices were slightly ahead of the previous week. Commodities ruled at a high level.

In women's ready-to-wear lines, boxy coats, better grade suits, and bright-colored light wool dresses attracted much attention, with dressy blouses, gloves and lingerie popular. Novelty jewelry also held up well.

Home furnishings such as curtains, draperies, bedspreads, hardware such as blinds, window rods, kitchen and bathroom fixtures were hurt to some degree by shortages. Oriental rugs, however, were available, and woolen cloths, crepes and satins displayed activity, since women apparently are making more things at home.

In the wholesale field buyers were up against a situation whereby they found difficulty in their efforts to replenish empty shelves from scant supplies. Spring and summer apparel lines are being considered, thus making for greater activity. Included in the merchandise being featured are pastel gabardines, sheer wool dresses, black crepes and tailored coats. In the men's department orders for leather and wool jackets are accumulating.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 16% ahead of a year ago for the week ended Oct. 14. For the four weeks ended Oct. 14, 1944, sales increased by 13%. A 9% increase in department store sales for the year to Oct. 14, 1944, over 1943, was also noted.

Retail stores in New York the past week announced an earlier Christmas shopping season to begin Nov. 8. Department store sales reflected about a 23% increase over the like week of 1943, with stocks unchanged from a year ago at the end of the month. According to the New York "Times," wholesale merchandise markets were slightly less active and the emphasis was still upon clearing up a tight delivery situation.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Oct. 14 increased by 9% over the same period of last year. This compared with 17% in the preceding week. For the four weeks ended Oct. 14 sales rose by 14%, and for the year to Oct. 14 they improved by 9%.

Wholesale Food Index — The general level of wholesale food prices in the week ended Oct. 17 declined from the preceding week, reports Dun & Bradstreet. Its index of 31 food commodities stood at $4, compared with $4.01 in the previous week and $4.07 a year ago. Prices of rye, oats, eggs and prunes advanced, while wheat, barley, steers, sheep and lambs declined.

Mills Heads ABA War Loan Committee In N. Y

C. George Niebank, President of the New York State Bankers Association and President of the Bank of Jamestown, N. Y., has announced the appointment of George S. Mills, Vice-President of the Commercial National Bank and Trust Co., New York City, as New York State Chairman of the American Bankers Association's War Loan Committee. Mr. Mills will head up a Statewide organization composed of group and County Chairmen of the New York State Bankers Association. Under this program the Association's 790 member banks will work in close cooperation with the State War Finance Committee and local war finance committees in the Sixth War Loan Drive.

The American Bankers Association's program, according to Mr. Mills, embodies the setting of quotas by individual banks. The banks will be asked to prepare progress reports for redistribution within their respective communities in order that each bank may see its results in comparison with the others.

Group chairmen of the New York State Bankers Association who will carry the program to county and local clearing house levels met on Oct. 19, with the State War Finance District Chairmen in Syracuse to perfect plans for the Sixth War Loan sales effort, Mr. Mills said. Speakers at the meeting included W. Randolph Burgess, President of the ABA and Vice-Chairman of the Board of the National City Bank, New York City; Frederick W. Gehle, Chairman of the War Finance Committee of New York State and Vice-President of the Chase National Bank, New York City, and William R. White, Vice-Chairman of the War Finance Committee of New York State and Vice-President of the Guaranty Trust Co., New York City.

Making Secure The Blessings Of Liberty

(Continued from page 1826)

we take to restore those rights already taken from us, and to see to it that no further rights are impaired? This is our challenge. It comes to us as lawyers.

Four Foundations For the Rights Of Citizens

What were the foundation characteristics of the policy our fathers set up. They may be summed up in four:

(1) Freedom of the individual man as a paramount consideration as proclaimed in the Declaration of Independence—freedom to the extent compatible with peace and order and like freedom of all other men. This was based on a conviction of the dignity and worth of the individual. He was not to be a slave or underling of the government, to do what those who exercised the powers of government ordered. He was to be a participant in his government. Those who exercised the powers of government were to be the servants, not the masters, of the people, to maintain a civilized society and secure to each individual as a participant in government, his guaranteed rights. As a corollary of freedom of the individual man, we set up local self-government to the extent compatible with effective national existence. We established the free neighborhood peopled by free men. In the typical European governments of the 18th century the individual man did not count; in the government of colonial America from Europe the locality did not count. It was the central government in England and the devolved central government by the royal governor and council which counted. The motto on the Great Seal of the United States—"a new order of the ages"—refers to this insistence on the supreme worth of the individual man rather than of the government set up over him.

(2) A system of checks and balances to maintain an equilibrium between the individual and the political organization of society, between Nation and State, and between State and locality, so that no person and no neighborhood should be subjected to the arbitrary will of any one.

Laws, Courts and Impartial Judges

(3) A system of laws administered in courts manned by independent judges, free from external influence, pressures and preconceived philosophies—courts in which every one could be assured of equality before the law and in the presence of all agencies of government. This was set up in contrast with the system of administrative fiats or decrees which obtained in much of Continental Europe at that time.

(4) Guaranteed rights; a guarantee, vouchsafed by recourse to the courts of reasonable expectations involved in civilized life as discovered by experience, developed by reason, and declared in the historical monuments of liberty—Magna Charta, the Petition of Right, the English Bill of Rights, the Declaration of Rights of the Continental Congress, and the Declaration of Independence, and embodied in our own revered Bill of Rights.

The over-all right sought to be protected by our early political institutions was the right of all of the people to individual freedom. The chief constitutional security of this right was that the people were given a particular frame of government—a frame of government in which restraints were imposed upon any ambitions of selfish or autocratic leaders, in which checks were provided against the obtaining and exercise of arbitrary power and against the spread of social impetuosity and discord; a frame of government that made for the responsibility of government to the people. The powers of government were separated both as between the executive, the legislative and the judicial, in the plan for the Federal Government and again divided as between the States and the National Government, and within the States. There were checks and balances to maintain this separation. The rights of men and States were to be settled in impartial courts of law.

The Rights of the People to Freedom Were Protected Against Government

Not only were the people given these rights to secure their liberty, but they were given certain specific rights against the operations of the government so erected. No bill of attainder or ex post facto law was to be passed. The protection of the writ of habeas corpus could be suspended unless perchance the public safety required it in time of rebellion or invasion.

The Fourth Amendment provided that "The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized." In the First Amendment Congress was prohibited from making any law "respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances." By the Fifth Amendment, no person was to be deprived of life, liberty, or property, without due process of law. Not only were these rights originally retained expressly by and for the people but for generations these principles remained substantially unaltered, except to the extent that they were advanced and strengthened by further constitutional amendments, judicial interpretation and custom.

What has become of these rights? The regrettable answer is that our form of government has undergone serious change and these rights have been seriously affected by (a) the administrative agencies, (b) the assumption of powers in the departments of the National Government, and (c) the growth of the centralized Federal Government.

Rise of Administrative Controls

As we all know, modern industry brought with it many disturbing ailments — monopolies, labor troubles, stock frauds, economic depressions. Again as we know, Government — at times pushed on by the people — began to regulate, and finally to dictate to and control, free enterprise. Especially in the last ten or 15 years, it came to underwrite, supplement and even supplant it. To carry out these new controls and operations, Government needed flexible, continuous oversight. An instrument of control, simpler, speedier, deemed to be more adaptable than court or Congress, was thought essential; and so a host of administrative agencies were created—a host foreign to the system of government established in 1789.[1]

This new administrative system has worked striking and provocative changes in the government our fathers built for us. The fact that the shift to administrative law has been gradual and evolutionary and persistent does not lessen its dangers. Its possibilities were strikingly manifest under the regime of national prohibition. An idea of the paramount importance of some one policy as to some one subject justifying the ignoring of constitutional guarantees was marked in that regime and has persisted.

Once all litigation was conducted in the courts, where trial by jury was to be had if desired, except in the Chancery Courts. Now an overwhelming proportion of cases involving citizens' rights is settled before administrative agencies staffed by men whose tenure and traditions are not those of experienced and impartial judges. Not only have these agencies acquired jurisdiction over new rights under the very statutes creating them, but they have gained jurisdiction as well over many matters formerly within the sole jurisdiction of courts of law. During this past year I have discussed in many speeches and articles the blow which this development has struck to our constitutional rights, the significance it has as to our freedom and what will follow if it continues unchecked.

Separation of the Powers of Government Is Impaired

In a very substantial area and in a very real sense, the three powers of Federal Government are no longer separate—this because of the advent of the administrative system. For one and the same administrative agency legislates, decides, executes, prosecutes, convicts, even punishes.

It legislates whenever under its rule-making power it goes beyond the confines of the statute creating it, and when, in making determinations, it employs policies of its own, other than those of the statute or of the general law, and, as it not infrequently does, sets up a policy which was not considered by the legislative branch of the Government or is even at variance with those which the latter prescribed.[2]

It decides whenever it considers whether the statute or regulations have been violated.

It executes and prosecutes whenever it investigates or charges violations of the statute or regulations, or, as some are now given power to do, it directly deprives individuals of liberty or property upon its own finding of such violations.

Administrative Agencies Disregard Constitutional Safeguards

While Congress, the courts, and the executive retain a measure of ostensible control over administrative agencies, these agencies have more and more extended their asserted powers beyond those granted by Congress in the statutes creating them. Congress can cut off appropriations as an extreme measure, can fix limits of administrative action, and can prescribe purposes and policies. But zeal of officials, lust of power by subordinates, want of any traditional or developed ethics of hearing and decision, and above all want of effective checks upon administrative decisions, result in a fixing of policies by the agencies rather than by Congress and in leaving the limits prescribed by statutes easily evaded and vague in practice.

Limited Ability of the Congress and the Courts to Cope With the System

Congress can investigate an agency, abate its authority, or modify its weapons after the evils of administration have been disclosed, but is unable to conduct the demands of the people through the whole process of administration in time to give effective relief.

For the executive, the area has been too vast to be very thoroughly supervised by it.

As to the courts, legislation has limited or even precluded judicial review or scrutiny of administrative determinations. The modes of review which existed before the rise of the agencies with wide powers which are set up today were expensive, dilatory and somes over-technical. There has been no adequate legislative provision for the simple, speedy review required to safeguard guaranteed rights. Thus the separation of powers, characteristic of and fundamental in our constitutional polity has become seriously impaired.

Separation of the Powers of Government Is Basic

To reaffirm for ourselves the importance of the separation of powers originally organized in the free Government of the United States, we need but have recourse to *The Federalist* papers, doubtless the greatest political writings in American history and put to paper for the most part by two framers of our Constitution, Alexander Hamilton and James Madison. These papers are an authoritative analysis of the fundamental principles upon which the Government of the United States was established. They have been cited as a source of Constitutional law by the Supreme Court of the United States and are so regarded by all lawyers. In those papers the doctrine of the separation of powers is maintained as an "essential precaution in favor of liberty." There it is testified that "the accumulation of all power . . . in the same hands . . . may justly be pronounced the very definition of tyranny."[3] The elaborate system of checks and balances worked out in our Constitution was devised to maintain in practice a separation of the powers of government.[4]

The Drift Away From Responsibility to the People

It is of the utmost concern that another consequence of the growth of the present-day administrative system has been the drifting away, from control by the people, of a tremendous area of governmental activity. The framers of our Constitution thought it "essential to liberty that the government . . . should have a common interest with the people."[5] They believed, therefore, that government must be answerable to the people.[6] And so they wrote the principle of responsibility to the people into our Constitution. Through subsequent amendment this principle was strengthened. But today the independent regulatory commissions have created vast areas of irresponsibility in which are being determined important questions of public policy. Moreover, administration as it is now carried on often involves delegation of wide powers to subordinates, sometimes of small calibre and active bias, without adequate supervision.

Divisions, bureaus, and commissions are concerned with technical problems. Their decisions are not easily translated into language which the layman can understand. What is more, the link is weak between the administrative agencies and the elected representatives of the public—the executive and the Congress. Congress still has the power of life and death over these agencies, it still has the power of the purse. It still investigates. But—despite this—its power to shape policy has been in a decline. And while, perhaps, the executive has been exalted in recent years, he too has weak control over any disposition the agencies may have to go their separate ways. The President has powers over the various agencies — the power of appointment, the power of example, and the power of leadership. But these have not provided him with enough material to fashion adequate reins.

The government, then, to which we had a right under the Constitution, has undergone a great change in character as it has sought through the regulation of economic activity to achieve the rewards promised by the theory of competition. As a result of this change in character, the State has come to occupy an area in national life where to a large extent there no longer operate the traditional constitutional safeguards of freedom — the separation of powers, responsibility to public will, and the determination of human claims in courts of law.[7]

Centralization of National Powers Has Atrophied State and Local Self Government

Another retrogressive change that has been developed in the system of government to which the Constitution gave us a right has been in the field of national-State relations. While controversy over the relation between State and national government is as old as our national history, a degree of national centralization unheard of in the past has resulted from the avalanche of Federal acts dealing with finance, labor, farming, manufacturing, and mining.

Coincident with the growth of the administrative system, this pattern of federalism has come as extensions of government have been sought out to meet the problems created by modern industry. Either in the absence of any State efforts or in the face of unsuccessful State efforts, the National Government assumed to do the job of regulating the modern economy.[8]

Without question the consequent relative aggrandizement of national power has worked radical change in the governmental system contemplated by the framers of our Constitution. James Madison, known in our history as the father of our Constitution, argued that "The powers delegated by the proposed Constitution to the Federal Government are few and defined. Those which are to remain in the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce. . . . The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern the lives, liberties, and the properties of the people, and the internal order, improvement, and prosperity of the State. The operations of the Federal Government will be most extensive and important in times of war and danger; those of the State governments in times of peace and security."[9] Thus spoke Madison in 1788 in arguing for the adoption of the new Constitution.

Expansion of Federal Activities Has Upset the Historic Balance Between Nation and States

Today the National Government is "regulating, promoting, and aiding agriculture, labor, and industry (which are not mentioned in the Constitution) as well as commerce (which is mentioned). . . ."[10] And interpretation has so extended the term "commerce" as to give the Federal Government control of some of the most local of local activities. Today it is the powers of an expanded national government, at least as much as those reserved to the several States, which "extend to . . . the objects which, in the ordinary course of affairs, concern the lives, liberties, and properties of the people, and the internal order, improvement and prosperity of the State." Madison also argued that "The number of individuals employed under the Constitution of the United States will be much smaller than the number employed under the particular State." [11] There were then only 13 States. Even during peace time the National Government has more employees than the 48 States combined.[12]

Even though many may attempt to justify it, there can be no denial that the relation between the States and the National Government originally worked out in our Constitutional system has undergone a fundamental change.

Argument for State power has in the course of the years come

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Making Secure The Blessings Of Liberty

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to be identified with the advancement of sectional and vested interests which are more concerned with escaping control than preserving the control of the States. It has gotten a bad name. While doubtless there is some truth in this charge of selfish exploitation, we must not be blinded to the many important, affirmative advantages for free government which federalism, witn due emphasis on State and local functions, offers through political and administrative decentralization.

Rise of Doctrines of Unlimited Federal Powers

In discussing the doctrine of the separation of powers we have already seen that the political theory underlying our Constitutional system is opposed to placing of unlimited power anywhere. Another ingredient in this Constitutional formula is the balance of central authority and local authority.[13] Like the balance of lawmaking, administration, and adjudication worked out through the doctrine of separation of power, this balance between central and local government acts to prevent autocracy. "If" — one commentator has written — ". . . a President wished to become a dictator, he would be forced to negotiate forty-nine coups rather than one. Certainly a substantial number of Governors would rise up with rugged individualism to resist coercion from Washington on matters of internal concern.[14]

The sovereignty of the States works in another direction to check oppression. Bryce has said that "If social discord or an economic crisis has produced disorders or foolish legislation in one member of the Federal body, the mischief may stop at the State frontier instead of spreading through and tainting the nation at large." [15] In saying this Bryce was only echoing James Madison, who wrote in 1787 that "the influence of factious leaders may kindle a flame within their particular States, but will be unable to spread a general conflagration through the other States. . . . A rage for paper money, for an abolition of debts, for an equal division of property, or for any other improper or wicked project, will be less apt to pervade the whole body of the Union than a particular member of it." [16]

Abuses By Government Are Best Met By Keeping It Close To the People

What is more, "the fact that the disease is isolated may in itself tend to promote the cure. Montesquieu, praising the values of federalism, pointed out: 'Should abuses creep into one part, they are reformed by those that remain sound'." [17]

The validity of this analysis has been proved time and again in the course of our national history. We are all familiar, for example, that "Louisiana has returned to the main current of American governmental ideology after the (Huey) Long regime." [18]

From the administrative standpoint, we must realize that we are living in a country of great differences in climate, density of population, per capita wealth, and degree of industrialization; with great diversity in standards of living, levels of education, and kinds of economic activity; with wide variety in history, culture, and forms of local organization. While we should endeavor to level off some of these differentiations, we must also remember that geographic and economic facts are stubborn. As Federal Government increasingly penetrates into the activities of business, the factory, and the farm, it must increasingly take account of local conditions and customs. Government can fit diverse local needs best if it is government of the locality by its own people.[19]

Tasks Undertaken By Centralized Government Exceed the Capacity of the Competent

What is more, the problems of running a large-scale government already have reached the point where, from the standpoint of efficiency, they exceed human capacity. Congress has a tremendous load. So has the President. In each national administrative agency, top officials tend to be confronted with more policy questions than they have time enough to decide wisely. Delegation has very definite limits, for responsibility must lodge somewhere; the responsible official must make the final decisions.[20] If he does not, then we fall into the situation where the top official does not know what is going on "down the line." As a director of TVA has said: "Everything in our country is getting bigger; only men continue to come about the same size." [21] It is the State and the political subdivision thereof which provide us the basis for a unit small enough for human capacity.[22]

These are but a few of the numerous advantages to be derived from our system of government. These are views that have been supported by men whose competence and intellectual integrity are beyond criticism.

De Tocqueville once said: "A democratic people tends toward centralization, as it were by instinct. It arrives at provincial institutions only by reflections." [23]

We have seen the rights we started out with and the extent to which these rights have been impaired. What is the trend toward losing other rights we still have?

Four Principal Threats Involved In Present Trends

There are presently four principal threats in this trend:

The first threat to the fundamental rights we retain lies in the antipathy that has developed between our traditionally dominant ideas and mode of thought which has grown or is growing into fashion today out of post-war disillusionment, economic depression, and political cynicism. Because the Constitution of the United States is not a mere lawyer's document, but is a vehicle of life partaking of the spirit of the age as well as of our tradition, its specific application and interpretation is influenced considerably by current political and economic conceptions. It is for this reason that certain ideas that have become or are becoming fashionable create a threat to our Constitutional rights.

Once in our history the movement for popular government was chiefly concerned with the Bill of Rights and other limitations on government. Today we find foremost among our fashionable ideas a notion that the Federal Government is not the formidable monster we customarily considered it to be, but is rather, the kindly father of the people upon whom we can call at any time with full confidence in his benevolence. The notion goes even beyond this — government is identified with the people: Government is the people; the people are the government. While it is to be conceded that the problems of today's economy require an unprecedented extension of governmental activity, it is imperative for the preservation of our liberties that not only do we not forget that tyranny is oppressive government but also that we continue at all times in a healthy suspicion of our government.

Minorities of People Have Rights Which Majorities Should Respect

The second threat arises from the careless trustfulness which manifests itself in another direction — in the rebirth of the belief that popular sovereignty must not be restrained, that the meaning of free government is the dictatorship of the majority.[24] If "government by the people" becomes "government by unrestrained majorities," the Constitution stands in danger of being scrapped through the gradual encroachment of impetuous majorities. It is the essence of constitutional government that there be institutional checks on the hasty action of the majorities, that there be on fundamental issues "appeal from Philip drunk to Philip sober." [25]

The Menace of Cynicism and Impatience With Law and Restraints

Side by side with current excessive trust in government and in unrestrained majorities, though in apparent contradiction, there have at the same time developed notions in which is reflected a morbid cynicism. Ideas and ideals are said to be nothing more than shrewdly designed veils to hide special interests. All political leadership is condemned as demagoguery. Law is pronounced to be a will-o'-the-wisp marching in whatever direction our judges wish — usually against the people. From being a weapon of the many against the tyranny of a few our Constitution, it is said, has come to be a bulwark of vested interests against the fair demands of the people. These ideas have come to dominate in the thinking of many of our citizens and have bred in them an impatience that has attached itself fallaciously to our institutions and conceptions.

But there is nothing wrong with our institutions or with our fundamental conceptions. These black notions are as much of an exaggeration as the notion that men are angels. What is more, **The Federalist** papers are full of evidence that the framers of our Constitution knew that "a nation of philosophers is as little to be expected as the philosophical race of kings wished for by Plato." [26] They knew that "momentary passions, and immediate interest, have a more active and imperious control over human conduct than general or remote considerations of policy, utility, or justice." [27] They knew that "States are as men are," that "they grow out of human characters." [28] They saw the problem. "If men were angels, they said, "no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself." [29] Our Constitution gave us such a system of government.

American System of Government Richly Deserves Public Confidence and Support

At the beginning of the 20th century, the public were dissatisfied and with good reason. We had to enlarge the ends for which our historical procedures were being used. We must continue to enlarge these ends to preserve our free government. But our system of government still deserves the confidence Americans have long reposed and still repose in it. We have to grant that "a government of law must yet be a government of men." For "laws govern as they are applied by men." [30] Of course freedom is subject to exploitation in self-interest. Still "in an age of absolute government we (have) showed the world the possibilities of a free people ruling under law." "We are in no wise bound to concede that our legal political theory is logically and philosophically untenable." "Our theory has worked." [31] Man is still a man in this land of ours, not a slave with no rights, but only duties of paying taxes, filling out questionnaires at the behest of bureau officials and obeying administrative orders. Other theories have yielded no such result.

Freedom Cannot Be Saved By Cynicism and Philosophies of Failure

Make no mistake. Political cynicism is a real foe to our institutions of freedom. "What we do hangs not a little on what we believe we can do, what we seek to do, what we believe we are doing." "Nothing is better than we seek to make it." [32] If we fashion our political theories from our shortcomings without paying attention to our achievements, we shall fall easy prey to the fascist, who feeds on men's despair for their institutions. We shall undo the progress we have made in advancing that civilizing principle of individual rights for which our American Revolution was fought.

Foreign Modes of Thought Are Sapping Our Constitution

The third threat comes from foreign modes of thought which today are sapping the spirit of our Constitution. They have been imported from Continental Europe and are the outgrowth of absolutist types of political theory. One is that constitutional democracy is a contradiction in terms, a logical impossibility. To this the answer is that we have lived under one successfully for a century and a half. Another is that the separation of powers was a mere fashion of 18th century political thought, due to a mistaken understanding of the British constitution, on the part of Montesquieu. To this, the answer is that it was put at the foundation of all American constitutions, State as well as Federal, as a result of experience of colonial America with centralization of all powers of government at Westminster.

Another is that in the right construction of the doctrine of separation of powers each department of government is the final judge of its own powers and so administrative agencies should be left to make their own policies and determine their own powers and not be subjected to scrutiny by the courts. Such is undoubtedly the theory in Continental Europe but it is not the one on which we built our Government.

Another is that there is no such things as rights. This is supposed to be a realist doctrine. It finds reality in threats made and enforced by those who exercise the force of a politically organized society, from which superstition and wishful thinking have derived fictions of law and rights.

The Authority of Officials Cannot Outweigh the Rights of the People

Still another is that the law, as it had been understood in the English-speaking world, the law that treats all men as equal and the official as bound by law equally with the private individual, is being swallowed up by a so-called public law which puts the official on a higher plane, identifying the sovereignty of the people with that of their agents through whom they exercise their sovereignty. This growing doctrine of public law in Federal Government treats the agent as vested with all the absolute authority of the principal, whereas our American theory has treated him as limited in his authority by the constitutional or statutory mandate from which it is derived and confined to the purposes and terms of that mandate.

These imported modes of thought contravene the fundamentals of our constitutional polity. They are widely and increasingly taught and preached today and are behind much that has been going forward toward breaking down American constitutional government. They have no basis in our experience, and the experience of the part of the world from which they come has not been such as to require confidence in them.

The Menace of a Materialist Theory of Public Affairs

The fourth threat arises from a materialist economic theory of politics. Many of us have shown too great preoccupation with economic efficiency without realizing that we may pay too high a price for efficiency. The efficient production and distribution of goods is not all there is to a satisfactory ordering of human affairs. Individual liberty is a large part of it. We know that we have to pay a certain price for freedom, and some of that price may be a balance between efficiency and individual rights. This may be the case with our administrative system.[33] Loss of liberty is too high a price for the efficiency of a wholly unified control through a centralized government.

It *is* the case in another connection. Our preoccupation with economic efficiency frequently goes along with a careless disregard for private production and property or with a desire to do away with them. But in seeking efficient production and distribution we must recognize that there is an essential connection between the private holding of property and freedom of enterprise and freedom in other fields of thought and action. With the disappearance of private property and free enterprise our other liberties will go, too. It is a man's independence in providing his own livelihood that makes it possible for him to stand up and say what he wants to in defiance of all. Instead of limiting private property, we should encourage its wider spread.

It is a paradox that, as government power grows, it becomes all the more important for us to watch out for our liberties, and those liberties demand great private control and ownership of property, and the extension of free enterprise. With perhaps a few exceptions, the central purpose of governmental regulation of economic activity has been to preserve the essentials of American democracy, including free enterprise. We do not yet know at what point this regulation yields diminishing returns to liberty. But that there is such a point we must never forget!

The End of the War Will Bring New Constitutional Problems

The end of the war will find the nation confronted with numerous complex problems. Tax and fiscal matters, public works, employment and unemployment, vocational education, and the rehabilitation of returning servicemen are some of those that will demand attention. The existence and solution of these problems is going to have further, great effect on our constitutional system. These and other problems are going to present themselves in rapid succession with the return of peace. We must, therefore, prepare ourselves now to deal with all these matters along lines consistent with our constitutional system.

Here, then, is the Constitutional crisis of our time.

Every lawyer, every citizen must realize that the real battles of Constitutionalism are not to be won in the courts. Judicial review is not an automatic safeguard of liberty. The ingenuity of legislators can surmount judicial barriers, and the constitutionality of many—probably of most—laws is not subjected to judicial scrutiny. Even in the case of laws of highly dubious character a great deal of time may pass before they are put to final judicial test. *In any event, it tends to distract attention from the real issues: Much of the very legislation we have criticized has already been or would very likely be upheld in the courts as constitu-*

tional. The place to meet constitutional issues is not in the courts, but in the legislatures and in the arena of public opinion.[34]

Thrown back upon our constitutional traditions, "we, the people," find that the problems of modern government inevitably involve us in danger. To meet the challenges of tyrannical facism, we need an administrative system. To some extent we need national power. We must not imprison the future, but must rather, enlarge our ends to free the way for the unfolding of the future. Our Supreme Court has made way for us to erect a government along these lines.

But the tyranny of fascism threatens us every time we let down the institutional safeguards of freedom our Constitution has created. It threatens us whenever we forget our achievements and yield to a nihilistic cynicism.

The Constitutional Crisis of Today

The crisis which we face today is that our constitutional controls over government have inevitably been weakened by government's adjustment to modern industrial problems, and that, as a result, we find ourselves in the dangerous position of having to protect ourselves primarily through statutory safeguards. A clear recognition that there is our danger is essential to meeting that danger.

What can we do? It is our task to give through the power of the individual voter new life to our Constitutional principles. Through legislation we must attack the separation - of - powers problem presented by the administrative agencies. So far as is possible without jeopardizing our goals, we must work to divide power; we must be alert to strengthen judicial review. To meet with existing statutory and executive impotence over the administrative system, we must continue our fight for administrative reorganization, and Congressional and executive reorganization, too.

By these same devices will we make the administrative system more responsible to law and more responsive to the people, and by the same token the state governments must release their frozen energies and meet the challenge of the new day.

The Profession of Law Should Lead

The continuation of our constitutional system of government depends greatly upon the attitude of the legal profession. To achieve that end; we who understand the dangers must use every opportunity to impress deeply upon all of our citizenry the fundamental importance of unequivocal fidelity to our unequalled form of government. Under it more has been done to protect human rights and liberties than has been achieved in any other nation in the world. Under it our people will continue to be the same great liberty-loving people, who have, for a century and a half, been a beacon to every people where freedom and liberty are cherished and the hope of our achievement lives.

Let us make certain that the rights of American citizenship, a priceless heritage, will be continued to be treasured and that its bequest to our posterity will never be exchanged for any fancied and fabled Utopia.

Daniel Webster's Warning Against Failure to Preserve American Liberty

In these times of confusion and doubt I know of no words more fitting to express the real hope of every true American than the stirring words of Daniel Webster in his eulogy of General Washington, spoken in the shadow of the National Capitol:

> "Other misfortunes may be borne, or their effects overcome. If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhaust our treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under a new cultivation, they will grow green again, and ripen to future harvests.
>
> "It were but a trifle even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these may be rebuilt.
>
> "But who shall reconstruct the fabric of demolished government?
>
> "Who shall rear again the well - proportioned columns of constitutional liberty?
>
> "Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity?
>
> "No, if these columns fall, they will be raised not again. Like the Coliseum and the Parthenon, they will be destined to a mournful and a melancholy immortality. Bitterer tears, however, will flow over them than were ever shed over the monuments of Roman or Grecian art; for they will be the monuments of a more glorious edifice than Greece or Rome ever saw, the edifice of constitutional American liberty."

Lawyers Should Help All Citizens to Keep Eternal Vigilance

Vigilance, eternal vigilance, is the price of that liberty. Lawyers, above all other citizens, should be vigilant and bold, at all times and in all places, and should never be cynical, indifferent or timid, in the presence of any piecemeal breaking-down of our cherished liberty or the constitutional system which made our freedom real.

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[1] "There is one special field of law development which has manifestly become inevitable. We are entering upon the creation of a body of administrative law quite different in its machinery, its remedies, and its necessary safeguards from the old methods of regulation by specific statutes enforced by the courts. . . . . There will be no withdrawal from these experiments. We shall go on; we shall expand them, whether we approve theoretically or not, because such agencies furnish protection to rights and obstacles to wrongdoing which under our new social and industrial conditions cannot be practically accomplished by the old and simple procedure of legislatures and courts as in the last generation." Address of Elihu Root as President of the American Bar Association (1916) 41 A.B.A. Rep. 355, 368-69.

[2] "But before transactions otherwise legal can be outlawed or denied their usual business consequences they must fall under the ban of some standards of conduct prescribed by an agency of government authorized to prescribe such standards—either the courts or Congress or an agency to which Congress has delegated its authority. Congress itself did not proscribe the respondents' purchases of preferred stock. . . . . Established judicial doctrines do not condemn these transactions. Nor has the Commission acting under the rule-making powers delegated to it by Sec. 11 (e) promulgated new general standards of conduct." Securities Commission v. Chenery Corporation, 318 U. S. 80, 92-93.

[3] **The Federalist,** No. 47 (Modern Library ed.) 312 313 (Madison).

[4] **The Federalist,** No. 51 (Hamilton or Madison).

[5] **The Federalist,** No. 52, 341, 343 (Hamilton or Madison).

[6] **Ibid.**

[7] Some of the ideas and expressions used on the growth and characteristics of the administrative system have been taken from Walton Hamilton, "The Smoldering Constitutional Crisis" (1943) 108 **New Republic** 73.

[8] Fainsod & Gordon, **Government and the American Economy** (1941), 49-50.

[9] **The Federalist,** No. 45, 298, 303 (Madison).

[10] Anderson, "Federalism—Then and Now" (1943) 16 **State Government** 107, 110.

[11] **The Federalist,** No. 45, 298, 301 (Madison).

[12] Anderson, **loc. cit. supra** note 10.

[13] **The Federalist,** No. 51, 335, 339 (Hamilton or Madison); Pound, "Law and Federal Government," **Federalism as a Democratic Process** (1942), 10, 27.

[14] Benson, **The New Centralization** (1941) 10. See **The Federalist,** No. 28, 170, 173-5 (Hamilton), where the same idea is expressed.

[15] Bryce, **American Commonwealth** (1891), 345.

[16] **The Federalist,** No. 10, 53. 61-2 (Madison).

[17] Benson, **op. cit. supra** note 14, at 11; **The Federalist,** No. 9, 47, 50-1 (Hamilton).

[18] Benson, **op. cit. supra** note 14, at 11.

[19] Brandeis, "Centralization and Democracy," **Survey Graphic,** December 1942.

[20] **Ibid.**

[21] **Ibid.**

[22] "Were it proposed by the plan of the convention to abolish the governments of the particular States, its adversaries would have some ground for their objection: Though it would not be difficult to show that if they were abolished the general government would be compelled, by the principle of self-preservation, to reinstate them in their proper jurisdiction." **The Federalist,** No. 14, 79, 82-3 (Madison).

[23] Anderson, **loc. cit. supra** note 10 at 112.

[24] See, **e.g.,** Commager, **Majority Rule and Minority Rights** (1943).

[25] The phrase is taken from Judge Wyzanski's review of Commager's book in (1944) 57 **Harvard Law Review** 389, 393. See **The Federalist, No.** 78, 502, 508-9 (Hamilton); **id.,** No. 81, 522, 524 (Hamilton).

[26] **The Federalist,** No. 49, 327, 329 (Hamilton or Madison).

[27] **The Federalist,** No. 6, 27, 30 (Hamilton).

[28] Plato, **The Republic, Bk. VIII.**

[29] **The Federalist,** No. 51, 335, 337 (Hamilton or Madison).

[30] Pound, **Administrative Law** (1942) 55.

[31] **Ibid.,** 55-6.

[32] **Ibid.,** 112-3.

[33] **Ibid.,** 55

[34] Commager, **op. cit. supra** note 24, at 72.

Profits And Operations Of Listed Corpoations For 1942-43 Surveyed By SEC

The Securities and Exchange Commission made public on Oct. 15 another in the series of statistical reports of the Survey of American Listed Corporations. This survey of "Data on Profits and Operations, 1942-1943" supplements a previous report which covered the years 1936-1942, inclusive referred to in our May 4 issue, page 1849. The new series is presented in five parts, of which Part I was released Oct. 15. The report shows the effects, whenever reported by registrants, of renegotiation, "carry-backs" of taxes and termination of contracts, on the financial statements of each of the 1,530 companies included in the survey.

From the SEC advices of Oct. 15 we quote:

"The survey covers 118 industry groups having total assets of approximately $62,000,000,000 in 1943. Parts I, II, III and IV contain data on 1,120 companies in 76 manufacturing industry groups and the fifth part contains data on 413 companies in 42 non-manufacturing industry groups. The data presented for the 76 manufacturing industry groups supplement the previous report covering the years 1936-42, inclusive; the data for the 42 non-manufacturing industry groups are included in the study for the first time. The total assets of the 76 manufacturing industry groups, amounting to approximately $53,000,000,000 in 1943, are estimated to be more than half of the combined assets of all manufacturing enterprises in the United States.

"The study was compiled at the request of various government agencies and data are presented for each individual company and for each combined industry group.

"The statistics contained in the report are compiled from registration statements and annual reports filed by registrants under the Securities and Exchange Act of 1934 and reports filed annually by registrants under the Securities Act of 1933.

"The survey reports data for each individual company and combined totals for each of the industry groups. For each year covered, data are reported showing net sales, operating profit, provision for war and related contingencies provided out of income, Net profit before income taxes and net profit after income taxes. Operational expenses reported are selling, general and administrative expenses; maintenance and repairs; and depreciation, depletion, amortization, etc. Each of these items in each year covered is shown as a percentage of net sales. Also reported are net worth (beginning of period) and intangible assets (beginning of period) and the net profit before income taxes as a percent of net worth and the net profit after income taxes as a percent of net worth.

"The effect of the renegotiation of U. S. Government contracts is shown for the first time for any large grouping of corporations and the effect of such refunds is shown for each individual company which has reported such renegotiation. Whenever renegotiation of U. S. Government contracts has been reported or provision has been made for renegotiation by the registrants, the items affected have been adjusted. The tables show both the amounts before and after adjustment of the renegotiation refunds or provision for renegotiation and the effects which they have had on the company's financial operations for that year. Where the contracts of the registrants are subject to renegotiation, or renegotiation is contemplated or in progress and has been reported by the registrant, such facts have been noted on the tables. In the previous report covering the years 1936-1942, a great majority of the companies included had only reported the fact that renegotiation of Government contracts for the fiscal year 1942 was contemplated or in progress. However, in the current report almost all of these companies, which include most of the major war contractors, have completed 1942 renegotiation proceedings and the effects of such renegotiation are shown upon each of the items affected with the figures before renegotiation also being repoted. Data for 1943 show the progress of renegotiation of Government contracts reported up to the time of the compilation of this report. Many of the companies in 1943 have based provisions for renegotiation upon their negotiations of U. S. Government contracts for the previous year. A summarization of the effect of renegotiation refunds will be shown for the 76 manufacturing industry groups in Part IV. The effects of such refunds upon sales, operating profit, provision for war and related contingencies provided out of income, net profit before income taxes and net profit after income taxes will be shown in a separate tabulation. In numerous instances, renegotiation refunds for 1942 and/or 1943 have been reported by registrants after the end of the registrant's 1943 fiscal year. Whenever such reports have been made, up to the time of the compilation of the survey the effects of such renegotiation have been included in the report.

"**Credits for 'Carry-Back' Refunds** — Pursuant to the 'carry-back' provisions of the Federal Income Tax Law, some registrants set up claims for credits for refund of income and excess profits taxes previously paid. In such cases and where reported by registrants, the credit claimed is treated as a reduction of the current tax provision and is footnoted on the table. Each of these individual 'carry-backs' of taxes is summarized by industry group and a cumulative footnote, on the combined industry table presenting grand totals, will show the effect of these refunds. Summarization of these cumulative footnotes will be made and shown as part of the combined total for manufacturing industry groups in Part IV and for non-manufacturing industry groups in Part V. While the number of registrants reporting 'carry-backs' of income and excess profits taxes is not large in the year 1943, these claims for credits are expected to be more numerous following the termination and cutback of war contracts.

"**Termination of Contracts** — Whenever registrants have reported claims made for the termination of contracts with the United States Government, the amounts are shown as a footnote on each individual company table. As the survey covers most of the large war contractors, the effects of such terminations to the end of the registrant's 1943 fiscal year can be seen for individual companies as well as the manufacturing industries as a whole. Summarization of the total claims for termination of contracts will be shown for manufacturing industry gorups in Part IV."

Contract Termination Accounting Course

A six-week course on contract termination accounting will be given at New York University Graduate School of Business Administration, 90 Trinity Place, on Tuesday evenings, the first held Oct. 24, and to continue through Dec. 12, it was announced Oct. 18 by Paul A. McGhee, director of the University's Division of General Education.

The course has been designed for war contractor personnel and for attorneys and public accountants who will be called upon to assist war contractor clients in the preparation of settlement proposals and in negotiation proceedings, Professor McGhee said. Topics to be considered include: The background of contract termination, including analysis of the Contract Settlement Act of 1944; interim financing; inventories and property disposal; termination accounting principles, covering such subjects as treatment of initial costs, experimental and research expense, excluded costs, relation of renegotiation and termination, and office reviews and field audits.

Theodore Lang, C. P. A., Professor of Accounting at the University's Graduate School of Business Administration and expert consultant to the Office of the Quartermaster General, who has given similar training courses to Government personnel, will be the instructor. Sessions will be held from 5:30 to 9:15 p.m., and material will be presented in the form of lectures, supported by problems and case material taken from actual terminations. Members of the group will be given an opportunity to obtain answers to specific problems which they have encountered. They will also be assigned case study material and required to work typical problems in termination accounting.

September Cotton Consumption

The Census Bureau at Washington on Oct. 14 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of September.

In the month of September, 1944, cotton consumed amounted to 793,086 bales of lint and 121,430 bales of lintels as compared with 841,490 bales of lint and 125,063 bales of linters and 125,063 bales of linters in August this year and 872,155 bales of lint and 110,963 bales of linters in September last year.

In the two months ending September 30, cotton consumption was 1,634,576 bales of lint and 246,493 bales of linters, compared with 1,715,342 bales of lint and 218,938 bales of linters in the corresponding period a year ago.

There were 1,713,963 bales of lint and 213,429 bales of linters on hand in consuming establishments on Sept. 30, 1944, which compares with 1,710,225 bales of lint and 270,098 bales of linters on August 31, 1944, and with 1,931,489 bales of lint and 442,098 bales of linters on September 30, 1943.

On hand in public storage and at compresses on September 30, 1944, there were 9,776,490 bales of lint and 38,954 bales of linters, which compares with 7,936,944 bales of lint and 42,898 bales of linters on August 31 and 10,443,070 bales of lint and 50,490 bales of linters on September 30, 1943.

There were 22,279,574 cotton spindles active during September, 1944, which compared with 22,240,676 cotton spindles active during August, 1944, and with 22,630,432 active cotton spindles during September, 1943.

Bank Credit—The Beginning Or The End Of An Era

(Continued from page 1826)

means of control over the volume and the type of credit created by the banking system. They do, of course, now have those means through open market operations of the Federal Reserve Banks, the rediscount rate, flexibility of reserve percentages, regulation and, indirectly, through examination. There is nothing new in this thought but at times it is easy for us to forget that we are an essential part of the national mechanism for the creation of a circulating medium.

Well, what is the basic function of commercial bank loans? Would you accept as a definition that their basic function is to create funds and to use accumulated savings for the production, distribution and consumption of goods, on terms which correspond to the process which is being carried by the loan?

Now, let us look at the record to see how bank loans and bank credit have actually performed in the past. To give us a little perspective suppose we sketch the picture very briefly since the big break in commodity prices and in bank loans in 1921. Since by definition we have tied the function of bank loans to production, distribution, and consumption, in our backward look at bank loans we will glance, too, at production and employment figures and at the price level.

The period from 1921 to 1929 was characterized by a stable price level, an almost doubled Federal Reserve index of physical production, an almost 50% increase in bank credit but a 2% decrease in commercial and agricutural loans.

It is probably personally unpleasant for most of us to think of the 1929 to 1933 period. It just wasn't fun. The figures support the unhappy memory. Wholesale prices dropped 30%. The physical production index took a corresponding nose dive. From 12 to 15 million people were out of work. Bank credit liquidated 40% and commercial loans fell off even more sharply—60%.

Generally, 1933 to 1939 was a period of recovery. Prices moved up 15%. The production index went up 60% from the 1933 mark. Employment increased though at a much smaller rate and there were still probably 10 or 12 million out of jobs, in part due to the annual additions to the labor force. In this period of general recovery bank credit came up 30% but commercial loans showed only a 600-odd million dollar increase, or 5%.

The story from 1939 to 1944 is, of course, distorted by the effect of the war, but just to bring us down to date here is the way it looked: Wholesale prices up by ⅓, the production index more than doubled, the labor force fully employed with 10 to 12 million more people back on the job. Bank credit increased substantially too—about 150%, largely through the Government bond account. In the face of the significant movement in production and prices it is disappointing that commercial loans showed a plus of only 30% and if Government guaranteed loans were disregarded the increase would have been about 10%.

Just to put 1943 in juxtaposition with 1921, here's how the picture of the family looked then and now. Wholesale price level about the same; physical production index about quadrupled; employment index more than doubled; bank credit more than doubled, but the pride or at least what used to be the pride of the family, commercial and agricultural loans, off 30% or 4 billion dollars.

In interpreting these figures it would be incorrect to assume that physical units produced had more than quadrupled and that there were more than twice as many people employed in 1944 as in 1921. Certain changes in the series of figures as well as in the type of what we produce would not justify such conclusions. It is certain that both production and employment, however, in 1944 were very substantially above whereas commercial loans were very substantially below 1921 levels.

It is of interest also to point out that at the end of 1943 there were loans outstanding through various and sundry Federal lending agencies, of some 7½ billions, of which about 3 billion might have been classified as commercial and agricultural and 3 billion as mortgage loans. To what extent, if any, these loans could have, should have, or might have been made by us I do not know, nor am I familiar with the loss experience on them.

The persistent decline in commercial bank loans, in periods of up as well as down swings, raises these questions in my mind. Has the function of commercial and agricultural bank loans atrophied? Have we bankers atrophied, as we have been accused rather loudly at times? Or, has the extent and the area in which bank loans can be effective in the business world been undergoing a rather fundamental change? As a corollary to this last one the facts might also suggest a query as to whether there are certain situations where Government loans or guarantees are a necessary part of the picture. As we go along in our discussion maybe we will get some light on these questions.

So much for the way Junior has behaved for the last 25 years or so. Now, how would you and I like to have bank loans function in the post-transition period? That one is easy to answer. You and I would like to have bank loans made and collected under the present chartered banking system.

In the past the basis for comfortable survival of a business has been its solvency and its profitableness, and these in turn have rested largely on its continuing ability to produce or distribute goods or services on a fair and reasonable basis for which there is a necessity or desire. I believe that in the post-transition period an added criterion will exist. Does the business do the most that it can to achieve maximum national production and employment? This standard has been applied by direct Government action since Pearl Harbor with respect to war production, as we well know, and I think most all of us have approved of it.

If such a measuring stick is used by public opinion after the war, it will not be primarily because of any desire on our part to assure the underprivileged a quart of milk every now and then but because the stern realities may make such a basis of judgment imperative. There seems to be a pretty general agreement that when Tokyo goes off the air for good we will have a national debt of somewhere about 250 to 300 billion. Currently it is close to 215 billion. The budget forecasters tell us that the annual Government bill will run between 18 to 25 billion, of which 5 to 6 billion will be the interest charge. They also seem to be in accord in saying that to make the national fiscal wheels go 'round will require a national product of about 170 billions or a national income of about 140 billions at 1943 prices, and 55 million people at work, which is about the number we now have. If these prognosticators are right that will be a step-up from 1939 levels of about 60 billions in product and 10 million in people, respectively.

Let us now measure our own business for the suit of clothes we have been talking about.

On solvency it looks good to me. At the end of the year, collectively, we could have paid off our depositors a hundred cents on the dollar and had a little left over for the stockholders without touching our banking houses, real estate, or what-have-you. We had better than 80 cents on the depositor's dollar in cash and Government bonds and Government guaranteed loans. We had another 6 cents in other bonds, and, here comes the little boy again, 15 cents against the depositor's dollars in loans, so that we had 102% of cash and earning assets against the loan account by itself.

It is true that we had only $1 in capital accounts against the depositor's $14, but looked at another way that was pretty good for we had $1 against $3 in "other" bonds and loans and $1 against $2 against the loan account by itself.

Bank profits also looked pretty good in 1943. As you and I know our business has never yielded exorbitant returns on the capital investment. In 1943 we made close to 9% and we would have to go back to the good old days of the late 1920's to find as good a return, with the exception of 1936, when recoveries were big. Dollar profits for all member banks were 557 million — the best year in the 25 we have been looking at. All the earnings measurements were good and the trend in the right direction for the past several years.

So long as we are talking primarily about loans, you might like to be reminded that in 1943 for the first time in our history interest on the bond account exceeded interest on the loan account, bond interest accounting for about 45% of total earnings and loan interest for less than 35%. It was in the reverse, only much more so, back 15 years ago when they first started showing income from the two accounts separately. Then our problem child — loans—turned in 65 cents out of every dollar we took in and bonds accounted for only a little more than 20. But that's understandable enough since at the end of last year three-fourths of our earning assets were in Government bonds and guaranteed loans (it used to be 75% in unguaranteed loans) and less than 10% in unguaranteed commercial loans. As a matter of fact, only a little better than 20% of earning assets were in loans of every description.

There's no use getting nostalgic for the good old days and we can at least say that right now the earnings picture looks good.

Have banks shown a continuing ability to produce and distribute through our loan account a service on a fair and reasonable basis for which there has been a sufficient necessity or desire? The figures say that either the demand has been going down over a long period of time or, if it hasn't, that we have not met it. Since we should not and since nobody else will say nice things about us, let's skip the last part and assume that it's not our fault, but that something has been going haywire over the last 25-odd years on the demand side.

A good many reasons have been ascribed for this phenomenon of the shrinking demand for commercial bank loans. Let's just mention four of what could be the more important ones.

First is the fact that when the sharp break in commodity prices came, back there in 1920 to 1921 (the wholesale index dropped from over 150 to under 100 in comparatively short order) both bank borrowers and bank lenders got religion in a hurry. It looks as though the banks decided they wanted to stick pretty close to short-term self-liquidating commercial or marketable collateral loans, and that borrowers decided they wanted to rely more fully on their own capital.

Secondly, the borrowers proceeded to do just that by building up net worth and working capital through retention of earnings and through depreciation and other reserves.

Thirdly, they, the borrowers, especially the big ones, that is with assets of over 5 million dollars, began to go into the securities markets for their capital with the result that their dependence on the banks for loans decreased.

Lastly, there was, apparently, going on an underlying change in selling terms in industry which tended to shift the borrowing away from the producer and towards the consumer. As you know, it was the custom of many manufacturers, particularly of heavy goods, to ship distributors sight draft and let the distributor and the buyer carry it from there on in. The automobile business is a good example.

Are these just unsupported surmises? The facts would seem to substantiate them. Private indebtedness hit a peak in 1930 and between that year and 1942 there was a reduction of about 30 billion dollars. More than half of this was in short-term debt, and during that period the index of physical production more than doubled while prices in 1942 were about 15% higher than in 1930. A compilation carried in the July issue of the National City Bank of New York's "Monthly Economic Bulletin" showed a tabulation indicating that working capital of all manufacturing corporations in the country had probably doubled between 1926 and 1943.

Another tabulation made by Professor Abbott of Harvard indicates that for a varying series of years ending in 1939, retained earnings of business were 5 billion, new capital issues nearly 20 billion, and depreciation reserves alone nearly 85 billion. Meanwhile, commercial loans had gone off over 6 billion dollars. The figures are not strictly comparable because of variations in the several series, but they do give a pretty clear indication of what has been happening to the pattern of financing for American business and it doesn't make our problem child any less of a problem. Lastly, talking about a shift in financing away from the manufacturer and towards the consumer, while commercial bank loans were on the down grade, consumer credit—meaning installment sales financing, personal cash loans, and charge accounts—were moving up from 3½ billions in 1933 to 9½ billions in 1941, when war restrictions turned the trend downwards.

It is natural at this point to say, "Well, suppose there has been a long down swing in bank loans, particularly commercial ones, very few things last forever. Wartime tax accumulations are tremendous. War conditions have left their imprint on business as on everything else. Maybe we are ready to move in the other direction."

Unfortunately, the facts seem to point the other way. Business profits net after everything have increased for the last two or three years as against the 1939 figure. We are not concerned here with whether they have been too little or too much but are merely trying to guess what effect they are likely to have on the post-termination demand for bank loans. In 1939 corporate earnings were about 4 billion dollars. In each year of 1941, 1942, and 1943 they were estimated by the Department of Commerce to be somewhat better than twice that figure.

Another compilation by the Department of Commerce estimates that in 1942 and 1943 business corporations increased their holdings of cash and governments by 23 billion dollars, largely out of undistributed profits, depreciation and other reserves, and increased tax accruals of 8 billions.

In the July issue of the National City Bank's "Economic Bulletin" already referred to there was shown a composite balance sheet of 650-odd manufacturing corporations each with net worth of over 5 million dollars. These 650 corporations, measured in terms of net worth, at the end of 1941 represented more than 50% of all manufacturing corporations in the country. This composite statement showed a growth in working capital for the three years ending in 1943 of about one-third and in net worth of about 10%. At the end of 1943, if their holding of governments is set off against the income tax liability, they showed a current ratio of 2½ to 1. Following further the terminology of statement analysis, cash plus governments plus receivables exceeded current liabilities by more than 20%, and these three items alone almost covered current and deferred liabilities.

Just one more straw to indicate the direction of the wind with respect to a probable reversal of trend in the long range decline of commercial bank borrowings. Another estimate made by the Department of Commerce in February of this year indicates that business out of its own resources should have available after meeting wartime tax accruals, reconversion costs, replenishments of civilian goods inventories, and catching up on delayed equipment and maintenance of facilities, upwards of 10 billion dollars for expansion.

While I assume that bank loans will tend to fluctuate in some degree with any significant movement of the price level, there is not much comfort in the information which I have seen as to the possibility of the little black line on the chart, labeled Commercial Bank Loans, climbing upwards over the long run.

Do all of the above dull statistics, estimates, composites, and projections add up to the conclusion that we ought to call up the home for wayward boys and have our problem child sent away while we settle down to a sorrowful and dull old age as managers of investment trusts with a limited income from Government bond account, handling the mechanics of the circulating medium and missing all the fun and satisfaction of being commercial bankers? I, for one, do not think so at all, for there are still areas where we can be useful and where we can do our part in achieving the all-important national objective of maximum production and maximum jobs. That, I think, can be true regardless of whether our over-all loan totals increase or diminish, either absolutely or relatively. I am happy to leave the guess as to which way the aggregate will move to Dr. Nadler.

If there are such fields, where are they? First, even though the average and composite figures of large companies—that is, with assets over 5 million dollars—indicate that as a class they will not be big users of bank money, of course that does not mean that none of them will borrow. You and I know from our own experience that averages do not affect all in the group alike.

Secondly, while available figures on small to medium-sized businesses — with assets of less than 5 million — are not nearly so complete as on the big ones, and, therefore conclusions must be even more tentative here, the available evidence indicates that over the past few years the five million - and - under group have continued to look to us for loans. May I cite quickly just three or four specific facts, most of which came from a most interesting and thoroughly documented study of the possibilities of post-war bank lending made by a competent and disinterested private organization in August of this year. A sampling of balance sheets of a group of corporations in 1937 indicated that of the notes payable 60% of the total were owing by the under-five-million group. Another sampling made two years later showed the percentage to be 80%. A survey made by the Federal Reserve of loans made by member banks in April/May, 1942, confirmed generally the 80% figure. Lastly, of the outstanding member bank commercial loans of 8½ billions at the end of 1943 it was reliably estimated that approximately 80% were to companies having less than five million in assets.

While the companies in this group have also probably experienced a growth in liquid assets it seems as though, happily, they haven't gotten out of the habit of coming to the bank when they need some business money.

A third field of opportunity for commercial bank loans, post-termination, will probably be in the number of honest and competent new business enterprises or resumptions of old ones which should come into being when the exigencies of a war economy are behind us. It is estimated that since 1941 there has been a net decrease of upwards of 500,000 business units. It is to be hoped for a great many reasons that the normal business birth rate will pick up where it left off as soon as it is consistent. The rate had been running along at some 40/50,000 net increase per annum in number of business units until Mr. Hitler, et al, ruined that, too.

A fourth field where opportunity is knocking on the door is the whole range of consumer credit, including personal loans. Figures previously quoted indicated that until wartime scarcities and controls were necessary, while our problem child—commercial loans—was sinking, this baby — consumer credit — was past the crawling stage and was supporting himself and helping out the old man, too. As a matter of fact, at the 1941 peak consumer credits in the banking system were about 20% as big as the business loan total itself. If we treat him right he will do well by us too.

Will loans in these fields meet our function of assisting in the production and distribution process and enable us to do our part towards maximum production and jobs? An unequivocal and enthusiastic yes to both questions. The United States census of manufacturers and business in 1939, according to the Chamber of Commerce, showed that small business, much smaller than we have been talking about on this five million dollar asset basis, employed about 45% of the workers and accounted for about 35% of the products and services turned out. When they say small business, they mean small business manufacturers with 100 or less employees, wholesalers doing an annual volume of $200,000 or less, and retailers doing an annual volume of $50,000 or less. I do not believe there are many five million dollar asset companies in this group.

We will be doing something else if we can adapt ourselves to this field. Almost every one, including big business, feels that the preservation and growth of small business is one of the best insurances we can have for the continuance of the private enterprise economy. Incidentally, the tendency towards concentration of business in fewer and larger hands is another reason ascribed by many analysts for the long range decline in commercial bank loans.

Before we move on to the $64 question — What can you and I do to make commercial bank loans work the way we want them to—let us take a brief backward look and see what conclusions we have reached up to now.

We have agreed, I hope,

That the primary function of bank loans is to aid in the production and distribution of goods,

That the long range trend of bank loans, particularly commercial and agricultural loans, has been down, no matter whether the business cycle has been going up or down hill,

That there has been a material conversion of bank credit from loans to bonds, particularly Government bonds,

That there has been an increasing independence of bank borrowings by business, particularly large business,

That there has been a continuing reliance to some degree on bank borrowings by small to medium sized business,

That there was an increasing volume of consumer credit until interrupted by war conditions,

That meeting the demands indicated would enable bank loans to fulfill their primary function; would make it possible for us to do our part in meeting the probable over-all national objective of maximum production and jobs and, in addition, would contribute to the stability and continuance of the private enterprise system.

Here we go then for the $64 question. What can you and I do to make bank loans function as we want them to — within the framework of our banking system as it is now constituted? I should like to offer briefly six suggestions:

First, center our effort in the fields where there is the greatest demand for what we want most to offer—bank loans. That means small to medium sized business and consumer loans. You and I have just cause to be grateful for the outstanding job being done by the Post-War Small Business Credit Commission under the leadership of Bob Hanes and the Credit Policy Commission under the leadership of Hugh McGee. To meet the demands which we hope will come from these two fields you and I must know how and when to use the modern tools of bank lending which they have been telling us about—receivables, field warehousing, equipment notes, and all of the rest of the ball of wax. I do not believe the supply of old line conventional bank loans — 90-day note and an impregnable statement—will be big enough to keep us all happy. These new tools, in essence, I believe, are designed to overcome financial statement weaknesses—that is, weaknesses judged by conventional standards.

If we are to use the modern tools properly, I believe we must regard the collateral which we take as security only, not as a means of payment. To do otherwise in my judgment is bad banking, subjects our depositors to an unwarranted risk and our own reputations to ultimate disaster. That means we must be better bankers than we have ever been before in satisfying ourselves as to honesty and "know how," and in our appraisal of the future.

Secondly, we must be prepared to develop new tools of our own. The tools which we refer to as new were actually in the main developed and tested by others. This process has its obvious advantages but we are living in a rapidly moving world and in the future there may not be time enough to wait. I am not suggesting wild ventures with either our depositors' or stockholders' money or with our own and our employees' means of livelihood.

May I illustrate, without developing, three examples — one actual and two tentatively suggestive?

Bill Bailey of Clarksville, Tennessee, and I am sure there are others, did not wait for some one else to find out what was wrong with his declining loan totals. He literally got down to earth, and through his bank he has changed and revitalized his whole trade area.

If some of us could develop a new tool in the form of longer term savings or certificates of deposits at varying rates of interest, maybe we could fortify ourselves for a larger participation in desirable term lending or sound mortgage lending.

If some of us could develop a new tool, preferably in cooperation with our friends in the investment banking field and other substantial elements in the community, for bringing the people in the community who have equity capital at their disposal together with the little fellow who is entitled to it and who can use it, we not only will be filling one of the chinks in the private financial structure but we may in the process, be developing good new "conventional" type seasonal borrowers for ourselves.

Third, when we are considering a loan application let us think of it in terms of production and jobs as well as in terms of money to be loaned. Bank loans help to make production and jobs. Before we say "no" let us be dead certain sure we have exhausted all the possibilities. That could be important for our survival as a privately owned rather than a Government owned banking system.

Fourth, let us not be satisfied with ourselves merely because 75%, collectively, of our earning assets are riskless and our profits are good and on the uptrend. Last year nearly 50% of our collective income came from one source. So much concentration of assets and income has its disadvantages as well as its advantages, even though a stake in our own country is the best asset we can own. We may not be able to do much about it but let us again be dead certain we have done everything we can to aid production and jobs in our own communities through our loan account as well as through our bond account. It has been proven that it can be done both ways.

Fifth, where bank management feels that its ability to meet a prospective increase in risk assets is restricted by what it believes is too thin a capital to deposits relationship let's increase the capital. During 1943 the Comptroller reported some 500 banks increased capital stock by 50 million dollars. We should not plead inadequate capital as a reason for our refusing to increase risk assets.

Sixth, and last suggestion: Let us not delude ourselves that our problems on bank loans are political in character. The hard economic facts have been in the making for 25 years or more. I for one, do not expect the millennium to arrive for the banking business on the first Tuesday after the first Monday of November, 1944 — whether the candidate of my choice is or is not the victor. I hope I have good reasons for my vote. One of them is not the expectation that a President can reverse an unmistakable trend which has been on the record books for more than 25 years.

Neither Mr. Baruch nor Mr. John Hancock, in civilian life a partner of Lehman Bros., who recommended in March of this year the extension of the lending authority of the Smaller War Plants Corporation and the provision for "special credit to assist small business in the change-over period and to encourage new enterprises," and who also recommended the "expansion and liberalization of the Federal Reserve System's authority to make industrial loans"—wear their hair over their shoulders, nor have they led parades shouting "Down with Capitalism."

The distinguished gentleman from Ohio, Senator Taft, who last spring introduced a bill for the guaranty, by a Government corporation, of up to 50% of equity capital — equity capital, not loans — for new and/or small business (if the newspaper quoted it correctly), does not indulge in Greek dances nor could he be classed as a radical.

These are the opinions of our friends, expressed more loudly by actions than by words.

I do not know of what they are symptomatic but I do know that you and I are put on notice if we want to be realistic about it—that we may be called on one of these days to give an accounting of what we have done and what we have failed to do in meeting such demands for loans as may have been made on us, or which we should have developed on our own initiative.

I can think of no better note to close on than a message written by President Lincoln to General Hooker during the Civil War—"Beware of rashness, but with energy and sleepless vigilance go forward and give us victories."

Committee Of Commerce & Industry Association To Study Problems Of Small Business

Formation by the Commerce and Industry Association of New York, Inc., of the Metropolitan New York Business and Industry Committee to represent smaller businesses employing fewer than 500 workers was announced on Oct. 14 by Thomas Jefferson Miley, Association Secretary. The first conference of the Committee was held on Oct. 17 in Association's Assembly Room, in the Woolworth Building.

"Although the New York metropolitan area is the country's largest manufacturing center with the most diversified industries, its tremendous production comes primarily from approximately 27,000 relatively small manufacturing firms employing fewer than 500; actually, the average number of employees per firm is 19," Mr. Miley said in stating the purpose of forming the committee.

He added that the committee will study the individual and group problems of smaller business; local, State and Federal legislation affecting it, and make recommendations necessary to protect the best interests of smaller business.

Herbert L. Carpenter, Association Vice-President and Director, and President of the Carpenter Container Corp. of Brooklyn, is Chairman of the committee.

According to Mr. Miley each member of the committee "represents one of the metropolitan area's leading smaller industry groups so that a true cross-section of the area's business opinion may be obtained. On any question or problem affecting a particular industry the committee member representing that industry will become Chairman of a sub-committee whose membership will be selected by the Chairman from the particular industry affected."

A four-point basic program adopted by the committee at the meeting on Oct. 17 follows:

"1. Develop an immediate and long-range program for the protection of the interests of metropolitan New York business and industry, and take the necessary and appropriate measures to make such a program effective.

"2. Provide for group meetings to express and to crystalize opinions and to coordinate efforts toward effecting legislative action in behalf of New York business.

"3. Develop ways and means to make effective the actions of this city-wide committee so that the voice of New York business may have its appropriate place in national affairs, toward the advancement of which the work of this committee also is devoted.

"4. Promote appropriately and protect the interests of metropolitan New York businessmen in preserving the system of free enterprise, individual initiative, free competition, and private financing."

Action To Save Banks In Cotton Growing Areas $500,000

As a result of a conference between a secial committee of country bankers representing the American Bankers Association and representatives of the Commodity Credit Corporation early in Oct. an agreement was reached whereby country banks in the cotton growing areas of the South will be saved a sum estimated at $500,000, through a revised procedure in the government's cotton purchase program. The announcement in the matter issued October 18 said:

"This conference grew out of the order of the War Food Administration issued on September 29 for the direct purchase of the 1944 cotton crop by the Commodity Credit Corporation at parity price levels. The order provides that purchases of cotton would be paid for by local banks and other businesses authorized to act as purchasing agents for the corporation. The banks are allowed a 50-cent-per-bale service charge for their services in handling the purchases and to cover interest on the funds advanced to the cotton producer. The banks were to have been repaid the money they advanced and receive their 50-cent-per-bale fee within 60 days from the date of tender of the necessary documents to the CCC.

"Under the original arrangement, the 50-cent fee would not have covered the actual expense of increased book work necessary in purchase transactions involving an estimated 5,000,000 bales of cotton, and at the same time pay interest on the money the banks advanced to the growers for the 60 days that would elapse before repayment could be made by the CCC.

"These facts were presented by the special committee representing the A. B. A. Agricultural Commission at Washington, and the purchase procedure was modified to shorten the time for repayment by the Commodity Credit Corporation to the banks to 30 days. An arrangement was also agreed upon which would allow the banks to send in their purchase papers to the CCC every few days, thus saving a substantial amount of time in completing the transactions."

Members of the special committee of the Agricultural Commission who met with J. W. Hutson, President, and other CCC officials, in Washington include: W. A. Wooten, Vice President of the First National Bank, Memphis, Tenn., Chairman; E. S. McLaughlin, Vice President, First National Bank, Dallas, Texas; J. B. Redfearn, Executive Vice President, Bank of Hartsville, Hartsville, S. C.; Frank R. McGeoy, Jr., President, The Bank of Greenwood, Greenwood, Miss.; T. J. Noel, President, First National Bank, Memphis, Texas; Allen Temple, Vice President, National City Bank of New York, Erle Cocke, Vice President, Fulton National Bank, Atlanta, Ga.; C. W. Bailey, President, First National Bank of Clarksville, Tenn.; A. G. Brown, Director of the A. B. A. Agricultural Commission, New York; George Jarvis, Economist of the Commission, and J. O. Brett, Assistant General Counsel of the ABA, Washington.

What Is Scientific Planning?

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this point. It will be assumed, before this group, that the planning process is a scientific process and therefore should be of great interest to the members of this association. In the short period assigned to the consideration of this subject, all that can be accomplished is to indicate what are some of the problems involved in scientific social planning. The inadequacies of the type of planning such as attempted by the German, Italian and Japanese Governments, to mention a few, and its comparison with the types of planning from which evolves a democratic social power, must be left for consideration at another time. The planning process as related to democratic social objectives is concerned with setting up a framework of relationships among the processes of civilization which has a high probability of attaining optimum social satisfactions. Modern civilization is founded on three primary dynamic systems each having its own characteristics. These dynamic systems will be termed "Systems of Power" and are:

1. Systems of Resources Power
2. Systems of Tool-Power
3. Systems of Man-Power

The national resources consist of such elements as the forests, fields, streams, minerals, wild life, plant life, climate and rainfall. The development and exploitation of these resources by man constitutes these as systems of resources power whose value in relation to social need and potentiality depends on the scientific integration observed in their development and use. The tools by which the natural resources are converted into useful goods and services are brought together into systems of tool power through modern principles of industrial organization. They consist of factories, railroads, power plants and other organizations for production. These systems of power also have specific characteristics of operation.

By systems of man-power is meant, all those human organizations and associations of people such as the home, the church and the school, to mention a few, which give direction to the physical, intellectual, cultural and emotional development of man. Each of these categories of systems of man-power has also its own particular functional characteristics as investigations by the social scientist have so well disclosed.

These three systems of power are interrelated and interdependent with each other and the whole pattern of their relationships and interdependence is an important factor in the framework of the whole machinery of civilization.

Scientific Social Planning aimed at the rational development of both physical production and cultural production, and their supporting economies can be accomplished only through social action based on the characteristics of these primary sources of power which constitute the dynamics of civilization.

What are the essential characteristics of these sources of power with which the planning process must be concerned?

Resources Power

The nature of this system of power may be found in the reports of the National Resources Committee, of the National Resources Planning Board, the reports of the Tennessee Valley Authority and in the reports of many other agencies and commissions both at home and abroad. In all of these reports it is shown that the streams, forests, fields, minerals and other parts of the aggregate we term the National Resources not only exist in nature in interdependent relationship, but that their exploitation, use and development will have either beneficial or detrimental effects, one or the other, depending on the manner in which exploitation, use and development are separately and jointly made.

It is also shown in these reports that the systems of tool power and the systems of manpower are materially affected by the manner in which the Natural Resources are dealt with.

In nature the forests, streams and wild life, for example, exist in a unity of dependence one on the other. The storage of water in the soil of the forests feeds the streams like a reservoir in dry seasons, and both maintain continuously favorable habitats for the wild life of both forests and streams. When the hilltops are denuded of their trees, the soil of the hilltops is not only washed away by the rains, but this soil is deposited in the valleys and in turn washed into the sea. The valleys become eroded and no longer capable of sustaining plant life. With the disappearance of the forests and surrounding vegetation the streams receive the rainfall in full force, run over their banks and flood the countryside for miles around carrying death and destruction in their course. As a source of energy for the development of electric power and as means of transportation these flooded streams lose their effectiveness and the whole interlacing system of the machinery of living is unbalanced and maybe partly destroyed.

It is not necessary to dwell at length, by further illustration, on the basic interdependence of the elements of our national resources. It is necessary, however, to emphasize this fact with reference to the development and use of our national resources, and to indicate that a strong system of resources power must be planned for and designed just as it is necessary to plan and design factories to use effectively the individual tools of production.

The development of the natural resources of the Tennessee Valley under the direction of the Tennesseee Valley Authority is based on the principles of interdependence between nature, man and his tools, and the systems through which these three elements of civilization operate. Private enterprise as a method of resources exploitation is as the name implies carried on without regard to the principles of interdependence between nature, man and his tools, and has demonstrated again and again the destructive character of its operation. Mr. Lilenthal in his book—*TVA—Democracy on the March*, states:

"How industry came to Ducktown in the mountains of eastern Tennessee a generation ago is one such story. Copper ore was disdiscovered; mining began; a smeltery was built. One of the resources of this remote region was being developed; it meant new jobs, income to supplement farming and forestry. But the developers had only copper in their plans. The magnificent hardwood forests to a distance of seven miles were cut and burned as fuel for the smelter's roasting ovens. The sulphur fumes from the stacks destroyed the thin cover that remained; not only the trees but every sign of living vegetation was killed and the soil became poison to life.

"The dead land, shorn of its cover of grass and trees was torn mercilessly by the rains; and the once lovely and fruitful earth was cut into deep gullies that widened into desolate canyons twenty and more feet deep. No one can look upon this horror as it is today without a shudder. Silt, swept from unprotected slopes, filled the streams and destroyed fish life. The water was robbed of its value for men, for animals, and for industry, while farther down the stream a reservoir of a private power company was filling with silt. One of Ducktown's resources, copper, had been developed. But all its other resources had been destroyed in the process. The people and their institutions suffered in the end. . . .

"For when a people or a region rely almost exclusively for their living upon the extraction of raw materials—the cutting of lumber, the growing of wheat, the mining of coal and iron—and depend little upon the processing, by manufacture, of those raw materials, these natural resources are put under a severe drain to support a growing population. The income which comes to a region from cutting trees or growing cotton and bringing them to a point of transportation is only a small fraction of the income, the "value added," when those trees have been processed into paper or the cotton into overalls. If a region depends—as most "colonial" regions are forced to do—almost entirely upon the income from cutting the lumber or growing the cotton, and hardly at all upon making the paper, the textiles, the furniture, or any of the other articles manufactured from the raw resources, then the pressure to "mine" the fertility of the soil, to devastate the forests for lumber, to deplete the oil fields and coal reserves becomes very great indeed.

"That pressure to deplete resources can be lessened by the growth of the industries which electric power encourages. But if the industry is only exploitative, if it does not sustain the productivity of the resources upon which all of us depend, industry can exhaust a region and hurt its people's chances of security and happiness. The 'how' of industrial development, like the 'how' of developing a river or the land or the forests, is the all-important point.

"After the war great energies will be released in the development of many parts of the world. Unless a new way of thinking and acting wins support, this period of 'development' will duplicate for every contingent and every region the stories of modern Ducktown and of ancient Babylon.

"Good will is not enough, nor speeches nor noble intentions. There will be those in abundance. There are principles and policies to develop and to observe if people are to benefit and democratic institutions are to flourish. **The unity of nature's resources must not be disregarded**, or the purpose for which such developments are undertaken will be betrayed as it has been betrayed before: by the way the job is done."

When the natural resources are considered as the foundation upon which rests all of our material welfare and that this foundation cannot be weakened without serious consequences to the national welfare and its security, the problem of patriotism and patriotic service is set in much broader perspective than mere flag-waving and other ceremonials of like character. The case of children who will not salute the flags because of certain religious beliefs is carried to the U. S. Supreme Court because of the threat which neglect of this ceremony may have to the safety of the Republic. Yet the destruction of our trees by private lumber companies, which has endangered the safety of this nation and the welfare of its people, has been permitted by law for generations.

We need to develop an entirely new public policy and new organizations to implement that policy, if the foundations of this republic as contained in its natural resources are to be preserved, strengthened and developed. This means the application of the scientific method to the development and use of our national resources as systems of resource power.

This method was made possible upon the grant of authority to the TVA to apply it. The procedure in application is described by Mr. Lilienthal in these words:

"In administering a project of such broad scope there are of course difficulties quite aside from the multiplicity of responsibilities. Not the least of these arose within the TVA when the experts who made up its staff began to work together. **Technical men are rarely trained, in the schools and universities, to see the problems of the people as a whole, as the TVA was obliged to do.** It will, I think, be useful to describe how TVA, by concentrating upon a common purpose, has tried to surmount these barriers to unified development, barriers that loom in the minds of men, and particularly of those technical specialists and experts whose collaboration is essential.

"The work upon which we first embarked 10 years ago called inevitably for men of many different kinds of professional and technical skills: geologists, agronomists, foresters, chemists, architects, experts in public health, wild life, and fish culture, librarians, wood technicians, specialists in recreation and in refractories, accountants, lawyers and so on. Such an undertaking, and indeed any modern technical enterprise, requires or, in any event, has resulted in a high degree of specialization of function.

"The terms engineer or biologist or agronomist or chemist are today classifications too general to be of much meaning. In dealing with the resources of the land, for example, foresters represent one of a dozen special fields of skill whose services are required. But forestry, itself a specialization, is divided among a considerable number of even stricter specialists—tree-crop experts, nursery technicians, cutting experts, and so on. And so it is with almost every one of the major fields of knowledge upon which an administrator must depend for even the basic steps of such a great change. TVA, for example, once had on its staff a dendrologist, a man who had spent most of his adult life as an expert in the reading of tree rings. By the examination of the rings of ancient trees he was able to throw some useful light on rainfall cycles and extreme floods far beyond the humanly recorded data on these matters. This expert saw the whole world in tree rings, almost literally. The degree of special function is not always so refined as that, but it is extreme in such a modern undertaking as TVA. The scope of TVA's effort was no less broad than the full sweep of nature and of technology; such specialization of function threatened the very fundamental change in point of view toward unity that the TVA was intended to effect.

"It was clear, therefore, that we could not hope to deal with resources as a unity through modern science (itself the product of specialization) unless we could **establish a basis for the unification of these highly specialized skills upon which the enterprise wholly depended.** The problem of collaboration among men of highly special responsibilities is a general one, of course, and by no means pecular to the TVA. In the steps which we in this valley have taken toward working it out, there is a clue to the ways in which in other field, too, **these spiritually disintegrating forces can be overcome.**

"The unification of the various technical skills was a central part of our task in the TVA, as indeed it is a central problem in modern life. **The skills are not self-coordinating.** In the selection of TVA's technical staff, the importance of the expert's need for a broad view was seen. The breadth of TVA's undertaking itself made it imperative that we seek out the kind of experts who preferred to work as a part of a unified program. But even at best it is not easy for each specialist to appraise the relative importance of his own task as part of the whole picture, or its importance as compared with the tasks in some other technical branch. **In fact, the desperate part of the problem, as many people have observed, is the realization of how rarely these different groups of specialists seem to care about anything beyond their own specialties.**

"This is not to say that specialists are narrow human beings. It is understandable that concentration and preoccupation with a particular phase of a problem breeds impatience with anything not dirently in the line of vision. The more conscientious and excited the specialist is about soil chemistry, metallurgy, fish and wild life, or statistical methods, the more likely he is to see all else as an adjunct.

"It is an ironic fact that the very technical skills which are ostensibly employed to further the progress of men, by the intensity of their specialization, create disunity until each technologist has learned to subordinate his expertness to the common purpose, has come to see the region and its problems 'in its entirety.'

"The ways in which this diversity of special interests appeared in TVA's actual experience will illuminate the problem. Take the questions that arise when a dam is built and the waters of a huge man-made lake will soon cover tens of thousands of acres of farms, as well as cemeteries, schools, highways, parts of or even entire towns. First of all, the Board of the TVA has to decide just how much land is to be purchased. From the engineers comes a map showing just where the water will extend when the dam has been closed. The land that will be under water must, of course, be purchased. There is no debate about that. But what additional land along the new shoreline should also be purchased?

"The TVA's agricultural experts urge that no more land be taken than is actually to be covered by the waters. Farm land, they argue, is land on which to grow crops; all of it is needed. At once, however, the expert on public recreation is heard from: **he** urges strongly the purchase of a wide 'protective strip' along the entire shoreline, which is often several hundreds of miles long. That land, he says, ought to be forever reserved for its scenic beauty, to be used for public parks and playgrounds and to prevent the growing up of private developments that may mar the beauty of the land and lead to speculative profits for a few on what should be a public benefit for all. To the agricultural expert this is nonsense; his point of view in turn is entirely unpalatable to the recreation planner.

"The malaria-control expert has still another opinion; he may want dikes built to keep the impounded waters out of low, flat areas, to reduce the opportunities for the mosquito to breed, even though this requires extensive investment in earthworks and pumping equipment. In selected areas he may prefer that no one should live within a mile of the shore, so that infection may not be carried from one man to another by malaria mosquitoes. He may even insist that such an area be completely evacuated between the hours of sunset and sunrise, which is when the malaria mosquito is active. The highway engineer may have still another special attitude. He will urge, for example, that great peninsulas be purchased in their entirety and the farm families moved to other locations—this for the sake of avoiding the considerable expense of providing access highways to take the place of roads that will be flooded when the water rises.

"The power expert, on the other hand, urges the most limited possible purchases of land, so that the dollar investment which his electric revenues must cover will remain at a minimum. The expert in navigation likewise will press his specialized interest; his claims to the purchases of areas to be reserved for terminal and harbor facilities or marineways may conflict with the claims for the use of that same land for recreation or farming or malaria prevention. Sometimes the problem is even further complicated, as by the archaeologist, intent upon the removal or preservation of prehistoric remains in the reservoir area, or by the expert in public revenue, concerned with the adverse effect on the finances of a local government unit when certain tracts, by reason of their purchase by the Government, are removed from the local tax base.

"These experts, needless to say, had no pecuniary interest impelling them to insist on their various views; in that sense they were disinterested. Many of them, as a matter of fact, had come to TVA because they wanted just such an opportunity to be part of a task broader than their own special fields. Where such an atmosphere of disinterest, in a pecuniary sense, does not exist, the pressure toward 'special solutions' is even further intensified.

"It was apparent to us, in the case I have described, that, at first look, at least one or more of the interests were in conflict. Differences of this kind could not be intelligently settled merely by compromise between the various technicians' views, a variation of the trader's 'splitting the difference.' But they had to be settled; a decision had to be made. Relative dollar cost was only one factor to be considered. The final question was always this; looking at the situation as a whole, and not merely at the professional or technical standards of any one or several of the specialized interests, what course of action would yield the best results **as judged by the common purpose,** the goal of the whole undertaking—the well-being of the people of the region? The TVA experts and the Board of Directors on these occasions come together to learn from one another and **merge the various special judgments into decisions of broad public purpose.** The decisions made in many such reservoir cases are certainly not beyond question for their wisdom, but this at least is clear: they are products of a new kind of thinking. The problem was studied as a single problem.

"With time, the barbed-wire fences began to come down within the TVA, the fences between the fields of special knowledge put up to keep one specialist out of the other fellow's domain and keep him in his own, barriers so characteristic of present-day science, of education, of engineering—even of theology. The TVA experts, themselves convinced of the value of combining their special judgments into a unified conclusion, soon developed workable methods of teamwork. It began to be taken more and more for granted (although 'backsliding' was, of course, not unknown) that expertness is not an end in itself, and that each skill is only one part of the unity of knowledge necessary to do the job of developing and conserving resources.

"The common moral purpose of benefit to the people, by dint of observation and participation, came to be as real to the experts as some highly technical procedure had always been. They welcomed the chance to broaden their view of their own special fields and to relate them to other areas of knowledge."

Tool Power

The systems of tool power through which we convert our natural resources into goods and services are also found to have an interdependence among themselves, and accordingly their rational development individually should be based on this interdependence.

Private enterprises as owners of systems of tool-power do endeavor to guide the development of their individual systems by what they conceive to be "probable demand" for their products. If it is estimated that such probable demand cannot be supplied at an "attractive" profit then capital funds will not "flow" to that industry, and therefore that industry will not be developed. When later due to scarcity and consequent rise in prices the probability of profits in that industry "attracts" capital funds, the industry may be expanded through additional investment funds.

The dependence on this method for the development of our systems of tool power is illustrated in the recommendations of the Senate's Committee on Post War Economic Policy and Planning. The report of this committee to the Senate on June 12, 1944, states that "without confidence in friendly attitude of government" and unless a few other conditions are assured "business will not be willing to spend its reserves for new facilities." "It will not be able to secure new equity capital. The investors will continue to seek the lesser profits of security rather than the greater gains of risk. Ownerships will not be attractive. Savings that should spark the expansion of private enterprise will be hoarded and become vauleless in increasing and absorbing American production." This is supposed to be planning. And what is the objective? To make ownership attractive by way of profits, to keep savings from being valueless through hoarding. What is implied in these statements? These statements imply that the decisions to use our systems of tool power for the production of goods rest with the owners of capital funds and unless these owners are pleased with the outlook for profits, they will go on a sitdown strike and not use their funds to expand the systems of tool power. The Senate as a representative body of the people charged with the responsibility to act for the common welfare admits, through these statements of its committee, that it has not the power to act in this particular matter. Thus there can be no planning for the public welfare nor a national economic policy for such planning if the people through their elected representatives have no control over the use or development of their systems of tool power.

The systems of tool power cannot possibly be adequately balanced among themselves nor developed and used to satisfy human needs so long as the people have no control over them. To attempt National Planning under these conditions is nothing short of rediculous. The control of the expansion of our systems of tool power by private enterprise through patent monopolies, control of natural resources, price fixing and through other restrictive devices, is such that not only are some systems of tool power restricted in their growth so as to promote scarcity, high prices and private profits, but the whole group of systems of tool power becomes an aggregate of uncoordinated systems, incapable of integration with our systems of resources and our systems of man-power. This situation is brought to sharp focus during periods such as were experienced in the early 1930's. At that time there were millions of men out of work, millions of machines in the factories were idle, and millions of pounds of material were available for manufacture, but we could not bring men, machines and materials together, because the materials and machines were held in restrictive possession behind the barriers of private enterprise. There was no system of integration by which they could be brought in effective operative conjunction. Many big business men were accused of greed and selfishness for their failure to solve the problem of unemployment. Very few realized then, nor do they today, that the fault lay in the lack of a proper system of integration and coordination for the proper control of our systems of tool power, resources power and man-power. So long as such a system of coordination is lacking there will continue to be periods of depression due to the breakdown for lack of controls of our industrial processes.

But before the three primary systems of power through which we are carrying on our civilization are property balanced and controlled, each must be capable of balanced development and control within itself. Some of our systems of tool power such as those concerned with transportation, the generation and distribution of electricity, and with communication have been developed and operate as separate systems or groups of systems with a certain degree of integration and coordination with altogether good effects on the national economy as a whole. But there is still lacking that understanding of need for an integration of all of our systems of tool power not only for their better operation under present conditions of ownership, but for their better development and use for more abundant production. National Planning if it is to serve the purposes of abundant production and stable employment must be worked out within a framework of organization of our systems of tool power which permits of their coordination toward these ends. Any plans of national scope which do not provide for such coordination are doomed to failure for the simple reason that any productive effort depending on a sequence of operations cannot be sustained without the coordination of the systems of tool power on which such operations depend.

Man Power

Man is a member or an "element" of many institutions and organized groups such as the family, the church, the school, the dramatic club, the political club, the singing society, the lodge, the Rotary, the Kiwanis, the Lions, the literary society and many other groups formed for a variety of purposes. As a member of these groups he is conditioned in behaviors and attitudes by participation in their practices and ceremonials. The practices engaged in leave their stamp upon him. These groups we will call systems of man-power because it is through such groups that patterns of thought and behavior are formed and perpetuated. They also serve to give direction to social action either positive or negative. They are the means through which men acquire their cultural development. Acceptable patterns of behavior, taboos and ceremonials are usually deep rooted in these institutions and by the observance and practice of these man's attitude toward many of life's questions comes to have a definite bias. In this manner certain beliefs about the world become either orthodox or unorthodox. For example, it is unorthodox for a fundamentalist in religion to believe in evolution, or a member of the Union League Club to believe in Labor Unions, or an orthodox Jew to eat nonkoshered meat. Students of anthropology and of sociology have found that the "beliefs" people hold determine in large measure their chances of dealing effectively with the problems of living. These "beliefs" are usually embodied in what have been termed folkways, mores, taboos, and ceremonials. These beliefs are usually derived from the past and are prepetuated in the family, the church, the school, and other institutions. Many are founded either directly or indirectly on what are purported to be Divine revelation, or laws of nature or moral laws, as expounded by the leaders of both religious and secular organizations. The persecutions of Galileo, Harvey, Darwin, Leonardo da Vinci and thousands of others by the religious priestcraft served to frustrate the creative efforts of man for many generations. Many of our "beliefs" about the economic and social arrangements prevailing at the present time have been given certain moral and religious sanctions and accordingly inquiries into these arrangements and the questioning of their validity is vigorously opposed by the secular priestcraft of our time. Accordingly "subversive" doctrines which challenge the "American Way" of life are investigated by the Dies Committee of the Congress and a committee of the National Association of Manufacturers investigates textbooks which may contain dangerous thoughts. There are many other groups which guard against the "spread of Communism" and other "unholy beliefs." The fears arising out of "beliefs" about the dangers of "bolshevism" in Europe played an important part in the consummation of the Munich Pact and in the decisions of the leaders of France not to associate themselves with the Soviet Union in actions to curb the power of Hitler—with consequences of which we are most painfully aware today.

It is not our purpose at this time to review the many instances in history which illustrate how various systems of man-power have retarded social progress at times and have also at times lifted man to higher levels of accomplishment. It is maintained that any program of national planning must provide, as one of its important aims, for the reorganization of the important systems of man-power so that man's creative faculties and emotional drives will be released and properly channeled. This means that the home, religious organizations, educational institutions and other forms of group living and experience must be reconstituted as more effective centers for the development of social power.

Without the driving power of high ideals and the dynamics of social motivation, which it is the function of the systems of man-power to provide, our systems of resources power and of tool power are used for anti-social ends and civilization itself is under constant threat of destruction.

Balance of Power

In examining the growth of systems of tool power and the characteristics of the systems of resource power it was observed that the **balanced** development and coordination of their parts was an essential requirement in their effective and healthy growth. Without such balanced development and coordination such systems become very unstable. This seems to be the case also with respect to the combined use and development of the systems of resources-power, tool-power and man-power as a total means for providing for the general welfare. These systems appear to have an interdependence among themselves which must be taken into account in formulating policies and programs of National Planning. Accordingly the scientific method needs not only to be applied to the development of each of these sources of power so far as each itself is concerned but it needs also to be applied in the **relative** development of the whole group.

Germany developed elaborate and formidable systems of tool power. Its systems of resources power were also perfected to a high degree. Through its systems of man power, particularly those more recently developed, it established ideologies, ceremonials, and taboos which so enslaved the mind that the German people became incapable of using their systems of tool power and resources power except for the anti-social ends born of their ideologies, ceremonials and taboos.

On the other hand the record of the results accomplished by the people of interior China during the past seven years of invasion by Japan, illustrate how a people inadequately equipped in tool power can survive when their **systems of man-power** are basically sound. The dynamic creative power of these people was evolved when they released themselves from the inhibiting economic and social practices of the past and faced the realities of their situation. The development of the systems of tool-power and resources-power of these people and their effective use for the general welfare was the direct result of new systems of man power, in education and in economic, social and cultural institutions.

The highly developed Japanese and German systems of tool power resting on decaying foundations of systems of man-power are bringing these peoples to their destruction.

That section of the Chinese people which, even though it has inferior systems of tool-power, yet has vital and dynamic systems of man-power will not only survive but is deemed to become a truly great and civilized people.

As we face a future, burdened with the tremendous maladjustments of a war economy, we, too, must realize that appropriate development of our systems of man-power must be included in the aims and methods of National Planning. Therefore, our educational institutions, the social function of religion, the cultural needs of children and adults must be of just as much concern as our systems of tool power and resources power.

Not the least of the many advantages of National Planning of the scope and character indicated above will be that it becomes an educative process in which our schools, colleges and research laboratories should have a prominent part. Our educational and research institutions will be revitalized through such social contacts and the enormous creative potentialities of mankind will be developed through these social experiences. The present conditions in world affairs present a great challenge to men of science. In meeting this challenge, science can be brought to take its proper place in building a better world.

New Deal Foreign Units Cited By Dewey

The Government agencies which Governor Dewey, Republican nominee for President, in his St. Louis speech on Oct. 16 identified by their initials and said are operating wholly or partly all over the world, are the following, it was noted in Associated Press advices from St. Louis published in the New York "Sun":

FEA—Foreign Economic Administration.

RFC — Reconstruction Finance Corporation.

WFA—War Food Administration.

OCIAA—Office of Coordinator of Inter-American Affairs.

OSS—Office of Strategic Services.

OWI—Office of War Information.

WSA—War Shipping Administration.

WRB—War Refugee Board.

OAPC—Office of Alien Property Custodian.

OC—Office of Censorship.

OWM—Office of War Mobilization.

OFAR—Office of Foreign Agricultural Relations.

PWRCB—President's War Relief Control Board.

ACPSAHMWA — American Commission for Preservation and Salvage of Artistic and Historical Monuments in War Areas.

FRC — Filipino Rehabilitation Commission.

The St. Louis address of Governor Dewey was given in our issue of Oct. 19, page 1714.

Looking Ahead With Agriculture

(Continued from page 1827)

50,000,000 more crop acres than they averaged in the pre-war years and they produced 38% more food than in the years 1935 to 1939. They did this by working longer hours and with the help of millions of women and children and of old men whose gnarled hands long since had earned retirement. The task they performed can be measured when we realize that between April of 1940 and the spring following our entry in the war more than four million actual and potential farm producers disappeared from the labor force. It is cheap and inadequate even to try to put words to the magnificent performance of the farm men and women. To be sure they had powerful help from another source. The Lord had his arms about us, and covered the land with favorable weather during each one of the war years.

War has changed the situation of the farm families in many ways, some strengthening for the future, others loaded with seeds for future trouble. It will take only a moment to run over some of the changes.

Farm commodity prices and income have risen sharply. Costs have risen, too, and in time will catch up with the rise in prices but up to now the returns on the whole have produced greatly increased net income. In general, war demand has brought farm prices to levels which will not be maintained in post-war years.

Farmers as a whole have reduced their debts and built up reserves in cash in the banks, and in savings bonds. There are many individual exceptions, of course, but in general farmers have prospered. They have saved their money and paid their debts. In that respect, behavior during the present World War is in sharp and favorable contrast with that of World War I.

Land prices are up 42% above the 1935-1939 average. In many localities farms are selling at prices above the average that is likely to be maintained as commodity prices work back toward pre-war levels. The volume of farm sales for the year ending March 1 was 10% larger than at the previous peak in 1919. The red flag of danger overhangs this situation.

The farm plant has been expanded beyond the capacity needed to supply abundantly the peace time domestic market and any normal export market that will be available. Farmers will face real need for acreage readjustment and in some areas and crops the shifts will be drastic.

Because war production was paramount, farmers have drawn on the soil fertility they had stored up in recent years, just as people draw out savings from the bank to meet emergencies. For a short run and to win a war they have turned from soil conserving to soil exhausting practices. Soon they will be turning back.

Agricultural equipment has run down and will need replacement. A mechanical revolution will be abroad through the land, the replacement of old implements with new will offer a great market for manufacturers. War will have given a great impetus to mechanical and technological change on the farms. Vast improvements in breeding and feeding methods are upon us. An example is seen in the swift development of hybrid corn for seed; its use has added 500,000,000 bushels to the annual corn crop with no increase in the land required and little in the labor.

War has vastly accelerated the movement of youth from the farms. Many will not come back. Look back through the years at the population trend in this country: In 1790 only 5% of our population lived in towns of 2,500 and over. In 1940, 150 years later, 56½% were urbanites in cities above 2,500. That percentage has increased sharply since 1940. The general trend is not likely to be reversed as efficiency in farm production continues to improve, and as more and more of the work once done on farms is assumed by factories and their workers who make continually better farm equipment, and who process the products of the farm.

The kind of a standard of living this nation is going to produce in the years ahead, and particularly the comparative returns farmers are going to have, is involved in this question of population balance. Farm-trained boys who went away to war should be helped to establish themselves back on the land if that is what they want to do. But extreme caution should be used in organizing general "back to the land" movements for veterans or any one else.

These are a few signs of the impact on the American farm of war and of our increasing industrialization. It is time to turn now to look ahead with agriculture into the peace years, although we may need to return to one or two of the points just mentioned and fill them in with greater detail.

The big question that confronts the farmers is the question that lies ahead for the whole economy. Agriculture is one member of one body. It cannot be healthy if the rest of the body is sick. Conversely, the rest of the body will be stricken if agriculture is ailing. For a vigorous, healthy agriculture this country will need a high rate of employment and purchasing power in the cities. High wage earnings and strong demand and healthy prices for farm products go hand in hand. The 64-dollar question for agriculture as well as the rest of us is whether we can maintain a high national income based on reasonably full employment at good wages earned by high production.

Even under that desirable condition, 325 million crop acres will do the trick instead of the 375 million acres used with the nation at war. And let's not kid ourselves about developing a vast foreign market for the products of our farms. Except for specialized products, this highly industrialized nation is going to find it exceedingly difficult to take export markets away from industrially backward nations which must sell raw materials abroad to pay for their industrial imports.

The adjustment of our farm acreage to peace time needs is one of the big problems of reconversion. At the same time it offers a magnificent opportunity for us to begin to handle our land as it should be treated. We should have more grass farming and less row cropping on hills and slopes, and we should devote a large part of the product to better home living on the farms. We can get trees started growing again on the hillside where they ought to be. We can increase the production of the farmed acres and at the same time produce more wholesome food for stronger bodies if we develop a planned program for replacement of essential minerals in the soil. Nitrogen need be no problem; plants take it from the air and store it in the ground. Man can do the same thing. We are fighting this war with nitrogen extracted from the air in factories built all over the United States. There need be no shortage of that essential plant food. We have a much more important and challenging problem with the development and future use of our phosphate resources. That is an interesting by-path, but time draws it shut.

We are facing terrific political and economic battles over farm prices. For two years beginning with the January 1 following the date on which the President or Congress declare the hostilities in the present war have terminated, direct government price supports are guaranteed for most of the important farm products. In addition, legislation has sought to provide many direct price supports. Of the 166 farm commodities produced commercially in this country, a large number have been guaranteed support through loan and purchase programs at 90 or 92½% of the parity price, and many leaders in Congress are currently striving to push that level higher.

It is going to be a job of some magnitude to maintain those guarantees. I wouldn't want it. I believe in the use of moderate price supports to cushion the shock of readjustment from war demands, but I am afraid of the consequences of the tendency to shove the supports up and up to higher levels.

The mechanics for making good on those guarantees may roughly be classified as of two kinds. The common method is for government agencies to loan or buy at such a rate that the market holds to the desired level. We are familiar with that operation from the days of the Farm Board to now. The process works fine in its early stages; the trouble comes when stocks are released. Eventually the agencies must dispose of parts of their holdings at home and abroad, and it may be at the cost of great loss as well as unwelcome disturbance to current markets. The second method may be to let producers sell at the current market, whatever it may be, and make up the difference below the guaranteed price by a direct payment to them.

Plenty of trouble is ahead in the administration of those guarantees, as well as plenty of cost to the Treasury. Director Byrnes of the Office of War Mobilization has just recommended an appropriation of two billion dollars for the effort, but neither he nor anyone else has a clear idea of how long that sum will last.

In the long run a healthy condition can come only from (a) a strong, wide, active domestic market based on high non-agricultural production, and (b) adjustment by farmers to produce what such a market wants and will take at a remunerative price. I am of the opinion that no matter what political party is in power the Federal Government will be an active partner in the adjustment, which will be especially severe and difficult in some areas and with some crops.

Those who expect to see an enlarged demand for agricultural commodities, at least in the immediate period after the close of the war, lay great emphasis upon the needs for food in various of the war-torn countries. I would like to strike a note of caution against too great dependence upon foreign demand for American agricultural commodities after the war. Agricultural production will be one of the first to be restored when peace comes. Moreover, there are large stocks of foods that have been accumulated all over the world and once shipping is released most pressing needs can readily be taken care of. Over a somewhat longer period, say five years, the world promises to be beset with commodity surplus problems that will be as acute as those between the two world wars.

Progress is being made in setting up machinery to study and deal with some of the international problems of food and agriculture. An agreement for the establishment of the permanent organization of the International Food and Agricultural Administration is now being submitted to the governments of the United Nations. The primary objective of this international institution will be to make recommendations to participating governments to adopt programs and to cooperate in ways designed to increase the consumption of food and agricultural commodities and thereby improve nutritional standards for the peoples of the world. A great deal of study is being given to the position of major agricultural commodities which enter into international trade, and no doubt international conferences will be held to consider problems and to reach agreement on measures of international cooperation with respect to those for which post-war adjustments will be most acute.

In the foregoing remarks I have attempted to indicate that the forces which will determine the future of farmers are national and international in scope. While farmers can do much at home, the solution of many special problems affecting agriculture can only be made at the national level and through international cooperation. Country bankers should be sympathetic to the efforts of those engaged in formulating these national and international programs. As a national policy, we are interested in providing an abundance of agricultural production at prices that will not jeopardize the living standards of American farmers. In many commodities the protection of the general public requires that large stocks be carried to guard against unfavorable weather and crop failures. Farmers alone should not be expected to bear the costs in the depressed prices that such stocks are likely to produce and that their carrying charges involve. This is a protection for consumers as well as farmers, and its cost should be a common responsibility.

A moment ago I indicated that land prices will bear watching. This is where bankers can help keep on the brakes. The farmer who goes into post-war years with a heavy debt for land bought at advanced prices has two strikes on him to start. But you can't hurt a man much who is out of debt, particularly if he has reserves of government bonds or money in the bank.

Farm mortgage debt has been reduced a billion dollars in the last four years. Payments are still whittling away at the mortgages. Let me tell you, as an example, what has been happening in the St. Louis Land Bank district, which includes the states of Illinois, Missouri, and Arkansas. In one fiscal year the farmers of those states have paid $42,105,000 on their land bank and commissioner loans. Look at the trend. On June 30, 1942, the total mortgage debt was $227,845,000. One year later, it was cut to $183,435,000. One year later, last June, it had been cut to $159,179,000. In the past year, 12,858 mortgage loans were repaid in full.

The country bankers are interested in everything that happens to agriculture on the farm or in the market place. They differ greatly in the extent to which they work at it. But every good and healthy thing which bankers can do for agriculture, for their communities, and for their own farm credit business is being done somewhere by some bankers. The problem is to get those practices more widely used.

In many counties, local bankers have cultivated farm loan prospects so successfully that Production Credit Associations have had no chance to get started. In many places, the banker is a member of the board of supervisors or an officer of the Soil Conservation district. Many banks have developed organizations which work with farmers closely, know their operations, and show them how to use credit to increase their income.

There is going to be plenty of use for farm credit in the years ahead, and the banks are going to have a lot of money to lend. Farm homes, equipment, and plants need replacement or repair. The decision as to who furnishes the credit, makes those loans, rests more in bankers' hands than many are willing to recognize. At that, banks will handle most of it.

I am going to venture now upon a topic about which considerable heat has been generated—the relationship between country bankers and their principal short term farm credit competitors, the Production Credit Associations. I believe that the Farm Credit system is here to stay but that it should be a cooperative system, with the lending rate to farmers fixed by the cost of money plus the cost of efficient administration. For obvious reasons, it is better to have the retail distribution of credit in independent hands than to permit it to become a direct government function.

The American Bankers Association and state associations have held a spotlight on the points where the government gives direct financial aid to the P. C. A.'s. I think that's a healthy thing and that country bankers and their associations can be depended on to keep it up. But self-analysis is healthy, too. Many country banks over wide areas have not fully reflected in their rates on farm loans the reduced cost of money and the reduced yield they can get from other securities that are available for bank investments. Many have made little or no real effort to develop the farm loan business of their communities, though they are pained if the borrowers go elsewhere.

In the long run, the institution will get the farmer's business which puts out the most effort and intelligence to get it. Each competitor has some advantages—they are not all on one side. To speak plainly, there are bankers who see their competitors' advantages so clearly—advantages such as freedom from taxes and a subsidized interest rate—that they fail to capitalize on their own great natural advantages.

It is true that Production Credit Associations are helped out with a backlog of income from bonds the government has advanced them. But how many bankers have sat down to analyze the process by which bank deposits have been increased from $60 billions to more than $105 billions in four years, and by which banks have increased their holdings of government securities from $17 billions to about $69 billions in the same period? Income from government securities has become a major source of banks' revenues, amounting to perhaps 40% in 1943.

The head start they get from government favor may not be the only reason why government lending agencies have been able to grow in many localities. For example, they have tried to fit the credit they offer to the farmers' needs. Here are some of the things their defenders credit them with having done:

(1) They made many loans to farmers when some bankers were fearful of farm credit.

(2) Loans have been made at lower rates than had customarily been offered by banks.

(3) Disbursements, repayments and maturities have been fitted to the farmers' production schedules.

(4) They have assumed an understanding and sympathetic attitude toward the farmers.

(5) They "sell" their service.

Many of these competitive agencies originated because and at a time when there was genuine emergency need for a source of credit to supplement banks. Surely we have learned a lesson from that experience that will help us prevent a recurrence of such an emergency in the farm credit field.

The subject of interest rates merits some analysis. The P. C. A. is allowed by regulation a 3% interest margin above the cost of its money. Its subsidy income amounts to roughly ½ of 1%, and service fees add an additional ½ to 1%. This gives it a total of

4 to 4½% on the average dollar outstanding in loans to be used to build reserves and to pay expenses other than the cost of its money. Many of these associations follow a more expensive operating procedure than most banks. But from these sources they have been able to pay expenses, absorb losses, and build some rather sizable reserves. There is room to question whether the banking system has been as prompt as it might have been in adjusting interest charges to farmers in line with the general trend of interest rates and security yields over the past fifteen years. The effective rates the farmer pays the P. C. A. will average 5% or above. Does a comparison of that rate with the yield of other investments of country banks indicate that it is an impossible rate to meet? Many banks are meeting it. Many a country banker who set a 6% rate for his farmer customers hasn't had to worry about P. C. A. competition.

The Production Credit Association has introduced practices many banks have found worthwhile—adapting loan disbursement schedules to the seasonal need of the farmers, timing repayments to the sale of farm products, and matching loan maturities to the completion of the farm operation financed. Farmers have liked these features; they represent an effort to fit farm credit to the interest and well-being of the farmer borrower. These are service features that any bank can adopt, and many bankers have been enlarging their farm loan portfolios by their practical application.

The Cleveland Federal Reserve Bank recently published the results of a study it had made of changes in commercial bank farm lending practices in the Fourth Federal Reserve District during the past decade. It found a direct relationship between the adoption of new practices in the farm lending field and increases in loan volume. Banks which lengthened the time of their loans, which adopted or increased the use of amortization and chattel mortgages, and which lowered interest rates, showed increases in loan volume, both in the real estate and short term farm credit fields. By contrast, banks whose policies remained unchanged, or moved counter to these new lending practices, experienced loan volume reductions.

The farmer is a pretty smart business man. He is a man of the outdoors, leads a rather simple life, is fundamentally honest, and possesses an undying loyalty to his friends. Probably no one reacts more favorably to kind, understanding, and sympathetic treatment than he does, and he is worthy of such considerate treatment. Banks are in a position, because of their intimate knowledge of local people, to offer farmers just as understanding and sympathetic a business deal as any government agency, and with a promptness and a personal touch that no such an agency can match. I believe the heads of most country banks are aware of this fact but they do not make all the contact with the borrowers; a review of the attitude of each employee who deals with farmer borrowers might profitably be made. It might develop that a simple training course in public relations would be beneficial.

The principal government credit competitor of commercial banks has devoted a lot of effort toward "selling" its services to the farmer, and it is confronted with a situation today in which it is likely to try to "sell" more aggressively than ever. Right now the P. C. A. problem is loan volume. Outside of its subsidy income, it depends entirely on income from agricultural loans for existence. It has expanded its personnel and field offices to the maximum the increased year-to-year income would support. Recent legislative efforts have focused so much public attention on it that in most cases it realizes that it must operate on income from loans and save at least an amount equal to the subsidy income to add to reserves or risk increased public disapproval.

Thus the pressure of increased operating expenses and decreased loan income is forcing the P. C. A. into one or all of three possible "outs." It must increase loan balances by increasing the volume of higher risk loans, it must reduce service, or it must increase interest or service charges. The first two possibilities are probably in the process now, and the third is more than a mere possibility. Here is a real opportunity for bankers. First, they must develop a sound credit service program and then "sell" that service to the farmer. With all the natural advantages that banks possess, and with the present limited scope of the competitors' operations, an aggressive and effective presentation of superior bank credit facilities can speedily relegate government short term credit agencies to a more or less fixed "standby" position in the field of farm finance.

There is more danger that farm production loans will be made without the right assurance of repayment than that they will be made at too low an interest rate. There is always danger in a debt that is incurred without a reasonable plan for paying it off. Banks have plenty of money to finance all sound needs for agricultural credit. The banking system as a whole will continue to hold these great sums of deposit money. They will not just melt away. Shifts will take place between areas and from bank to bank, but the volume of bank deposits as a whole will remain high until there is a net reduction of government debt, or large shifts of gold from this to other countries. Gold movement after the war is much more likely to set in again toward the United States. It is unlikely that bank deposits in agricultural communities will go back to pre-war levels as long as national totals remain high, although the tremendous deposit expansion can be fully held in country banks only if agricultural income is well sustained in the post-war period.

If conditions in agriculture are depressed, farmers and others in agricultural communities will curtail expenditures and allow their cash balances to decline somewhat in line with reduced volume of operations. Thus from the standpoint of maintaining deposits which constitute the primary source of funds for loans and investments, the country banker is vitally interested in promoting the income of his farm customers. To do this the individual banker, through his own efforts and those of his national organizations, should support national policies designed to sustain and expand production and employment in industry and to assist farmers in making adjustments to peace time conditions of demand. On a local level, it means also that he must encourage farmers to adopt more efficient methods and see that they are provided with the credit necessary for their introduction. That is an old story for most of the country bankers who are present, I am sure.

Now in conclusion, I want to say a word to bankers as leaders of public opinion in their communities. In the community all elements are one—the banker, the merchant, the factory worker, and the farmer all must be strong together. That is also true for the nation. The most important factor in national strength is high, well-distributed national income achieved by abundant production. The farmer prospers if his customers are working regularly at high wages; workers in turn are bolstered by the purchasing power of a strong, productive agriculture.

Some day we may not only give intellectual support to these truths, as I think many do today; we may shape our lives according to them. No bank or business can be strong when its surrounding territory fails; no institution or community lives by itself. The day must come when we recognize also that no nation and no race lives by itself. Many of the things I have talked about tonight seem trivial against the background of world disorder so vast and so terrific that if continued or repeated it threatens the very roots of organized life on this planet. All our banking problems, all our economic difficulties, all our national struggles are phases of the great problem of how men can learn to live together in organized society, using the fruits of their invention to enrich human life, not to destroy it.

Is a system of organized fair play throughout the community, the nation and eventually the world too much to hope for? In spite of evidence to the contrary, the hope persists that it is not. At heart I believe most of us react to the sickening clash and disorder about us much in the way H. G. Wells expressed himself 25 years ago. Looking out on the wreckage of the last war he wrote in his chapter on Princes, Parliaments and Powers this parenthetical observation:

"Yet in the background of the consciousness of the world, waiting as the silence and moonlight wait above the flares and shouts, the hurdy-gurdies and quarrels of a village fair, is the knowledge that all mankind is one brotherhood; that God is the universal and impartial Father of all mankind; and that only in that universal service can mankind find peace, or peace be found for the troubles of the individual soul."

White House Analysis Of Dewey's St. Louis Talk

Following its earlier "analysis" of remarks by Gov. Thomas E. Dewey, Republican Presidential nominee, during his campaign, the White House on Oct. 17 issued a second "factual analysis" dealing with remarks in Governor Dewey's address at St. Louis on Oct. 16. This address was given in our issue of Oct. 19, page 1714. In giving the text of the latest "analysis," the New York "Times," in advices from Washington on Oct. 17 said:

First came "Dewey's Statement," followed by "The Facts." The first included Gov. Dewey's references to a report of the National Resources Planning Board as advocating a delayed military demobilization; to an executive order dividing authority equally between two officials operating in the same field and to a report that conflicting activities of representatives of various Federal agencies had brought confusion in North Africa "to the brink of chaos."

Instead of advocating delayed demobilization of the armed forces, the White House "analysis" stated, the National Resources Planning Board, headed by Frederic A. Delano, the President's uncle, had made the following recommendation:

"A general policy of speedy but orderly and controlled military demobilization should be adopted, coupled with the use of all reasonable plans and measures to increase the employment available to those being demobilized."

Asserting that Governor Dewey had quoted part of the executive order to show that the President gave two officials, the Secretary of Agriculture and the War Food Administrator, the same powers "to fight about," the White House "analysis" said that this was done for a legal reason—so that "no third party might escape liability for any illegal act by reason of some technical claim that what was done by the Secretary of Agriculture should have been done by the War Food Administrator or vice versa."

The report concerning conflicting activities by Government representatives in North Africa, the "analysis" said, appeared, not in an official publication but in a private publishing venture, "The United States News."

The following is the text of the "analysis" of Governor Dewey's St. Louis address as given in the "Times":

Dewey's Statement

Now, where did General Hershey get this idea, Mr. Roosevelt calls "unauthoritative"? I'll tell you. He got it from another one of those "White House" releases put out by Mr. Roosevelt himself. Moreover, it was submitted by Mr. Roosevelt's own uncle, Frederick A. Delano, Chairman of the National Resources Planning Board. It was the report of the Conference on Post-War Readjustment of Civilian and Military Personnel, appointed by the President.

This discussed the pros and cons of speedy demobilization. After saying that good reasons exist for desiring a rapid rate of military demobilization, the report goes on to say that: "Despite . . . compelling reasons for rapid military demobilization, the prospects of economic and industrial dislocation at the close of the war are so grave and the social consequences are so far-reaching that a policy of orderly, gradual, and, if necessary, delayed military demobilization has been strongly advocated." "The following reasons," it goes on to say, "have been advanced."

The Facts

This quotation comes from page 26 of the report which deals with the various recommendations which were given to the Committee set up by the National Resources Planning Board. The full quotation is as follows:

"Once the war has reached a victorious termination, a return to the atmosphere and conditions of peace is desirable, both internationally and nationally. It is important that a return to peacetime living, subject to our continuing needs for armed security and industrial security, should be accomplished as rapidly and as smoothly as possible. Military demobilization is a special and important phase of the general readjustment from conditions of war to conditions of peace. Smooth and rapid military demobilization is therefore to be regarded as one of the desirable objectives for any plan of postwar readjustment.

"Many good reasons exist for desiring a relatively rapid rate of military demobilization. Men enlisted for the war because they felt the nation was in danger of attack, and the Selective Service Act now limits the period of service of those who were drafted. Those in the services should have an opportunity at least equal to that of those who have been engaged in war production to secure such employment as is available during the readjustment period. They should not be handicapped by delay. Furthermore, they will naturally be anxious to return to their families.

"Despite these compelling reasons for rapid military demobilization, the prospects of economic and industrial dislocation at the close of the war are so grave and the social consequences are so far-reaching that a policy of orderly, gradual, and, if necessary, delayed military demobilization has been strongly advocated. The following reasons have been advanced."

After giving the reasons which have been advanced, the Committee arrived at the following definite recommendation on the next page of the report:

"5. A general policy of speedy but orderly and controlled military demobilization should be adopted, coupled with the use of all reasonable plans and measures to increase the employment available to those being demobilized."

Dewey's Statement

This Administration has lived on conflict. They plan it that way. Listen to the President's Executive Order No. 9334. It says in part: "The Secretary of Agriculture and the War Food Administrator . . . shall each have authority to exercise any and all of the powers vested in the other. . . ."

In other words, Mr. Roosevelt gives two men the same powers and then turns them loose to fight about it.

The Facts

The full text of Section 4 of this order, only part of which Governor Dewey quoted, shows the legal reason for it, to wit, that no third party might escape liability for any illegal act by reason of some technical claim that what was done by the Secretary of Agriculture should have been done by the War Food Administrator or vice versa.

The full text of the section follows:

"Sec. 4. In addition to the powers and authority granted by this order, and in order to carry out its purposes, the Secretary of Agriculture and the War Food Administrator, to the extent necessary to enable them to perform their respective duties and functions, shall each have authority to exercise any and all of the powers vested in the other by statute or otherwise; and the exercise of any such power by either of them shall be deemed to be authorized and in accordance with this order, and shall not be subject to challenge by any third party affected by the exercise of the power on the ground that the action taken was within the jurisdiction of the Secretary of Agriculture rather than the War Food Administrator, or vice versa."

Dewey's Statement

Here is a report from the July 30, 1943, issue of "The United States News." It says: "In North Africa . . . field agents of half a dozen agencies — the Treasury, BEW, lend-lease, State Department and others—are reported to have brought confusion to the brink of chaos."

The Facts

The "United States News" is not an official publication. It is a private publishing venture, edited by Mr. David Lawrence.

Patterson And Gordon On FAA Program

W. A. Patterson, President of the United Airlines, Inc., and one of the key figures in American aviation, and Lewis F. Gordon, Citizens & Southern National Bank, Atlanta, and President of the Financial Advertisers Association, will deliver two of the principal addresses at the 29th annual convention of the Financial Advertisers Association at the Edgewater Beach Hotel, Chicago, which opened yesterday (Oct. 25) and will be continued through Oct. 29, Preston E. Reed, Executive Vice-President, announced. Mr. Patterson will speak at a noon luncheon today (Oct. 26) on "Public Relations Today and Tomorrow."

At the Association's annual meeting, a successor will be elected to Mr. Gordon, under whose administration the organization is closing one of its most successful years, Mr. Reed said. Services to members have been greatly expanded and general activities enlarged. Membership has increased by 25% and the dues from members have been increased permitting more general activties.

On page 1378 of our Sept. 28 issue we gave earlier information regarding the conference.

What A Good Trust Department Means To A Bank

(Continued from page 1828)

are not in a position to have, and therefore cannot have, good trust departments. Such banks had better stay out of the trust business.

In order to judge intelligently whether their bank should have a trust department or whether its trust department is a good one, the general officers of the bank and its board should understand trust functions and operations. Strange as it may seem, it has been my observation that all too frequently the general officers of a bank do not understand the trust business adequately and make no real earnest effort to become properly familiar with the trust department. Possibly one reason for this is that many of us who are or have been trust men are lawyers, and I believe unconsciously, but it would seem instinctively, we have drawn around the trust business a professional curtain of mysticism that has led the layman to believe that it was too complex and technical a field for him to know anything about. I think most present-day trust men are now trying to dispel that illusion in the interest of a better understanding of the trust department by their banking department associates and by the customers of the bank and the general public from whom the trust business comes.

The essence of the trust business is just "taking care of other people's property." In doing this there are many technical matters which have to be cared for in the administration of a trust business, and these must be handled by men who have the "know how." Specialists in these fields should be employed to handle such matters. However, merely because the layman employs engineers to pass upon technical matters in the design of a building, it does not follow that the owner cannot have a working knowledge of and a determining part in the planning of the size, cost, characteristics, and uses of the building he wishes to build. There is no more reason why any bank officer cannot understand the substance and function of the trust business. We have proved this to our satisfaction by bringing into our trust department in rotation, groups of branch managers and general officers for several days at a time. They carefully go through the various divisions of the department; they sit with our trust department committees; and they see first hand how the divisions of the department operate. When I have talked with these men afterward, they have all said that their experience was an eye-opener to them, that it was an interesting and educational experience, and that it would make them more intelligent and enthusiastic salesmen of our trust service to our bank customers and the general public with whom they come in contact.

I said a moment ago that not every bank should have a trust department, in fact, that a great many banks cannot expect to have good trust departments and therefore should not have any trust department. I think it is obvious to you that with the complexity of modern trust administration some reasonable minimum number of specialized, trained personnel is required to handle the many types of service required in the present-day trust field. This staff carries with it an overhead, and to absorb this overhead and leave a profit, a certain volume of trust business is required. The time is past when a trust department can properly consist of a single officer or employee, whatever his training or capacity, who like the small-town official in light opera or vaudeville had a series of hats which he changed from time to time to indicate his status in the department the functions of which he was at that moment personally performing. The duties to be performed are so varied, requiring varied skills and training, and the importance of the matters involved to the beneficiaries is so great, that in this field even more than in most others "if the job is worth doing at all, it is worth doing well." Therefore, if the institution does not have in the territory which it serves a potential volume of trust business to justify an adequately staffed department, then it ought not to be in the trust business. However, the measuring stick to determine whether such a potential volume of business exists should not be merely an inventory of the extent of the corporate trust service now rendered in that locality, because in many, or I might say even in most places, the surface has only been scratched in developing trust business.

What are some of the elements necessary to constitute a good trust department?

Obviously and platitudinously, a good trust department must render a good service in the various capacities in which it acts as trustee. To attempt to break down that statement into its component parts would involve a detailed discussion of trust operations for which, today at least, I have neither the time, the qualifications, nor the inclination. A good trust department must certainly serve the trust needs of the customers of the bank and should serve the needs of the community in which the bank operates. That raises the question as to what kind of a bank your bank is, and what kind of and how many customers it serves.

Out West and in some other parts of the country our banks differ a great deal from many of the banks in the large Eastern financial centers. More customers personally call daily at each of the 114 branches of our bank than go into the lobby of the head office of some of the largest New York commercial banks in an average day. Many of our branches have more deposit accounts than some large New York banks. The billions of dollars of deposits at such New York banks come from a relatively small number of individual customers. In the West the hundreds of millions of billions or dollars of deposits in the larger banks come from literally hundreds of thousands of individual accounts. We have the large accounts and the large credit lines, but they do not equal the aggregate of the tremendous volume of relatively small accounts and relatively small loan transactions.

Well, if you are a selective bank catering to only a relatively small number of large accounts and you want only to care for the trust needs of these customers, then you may want to run that kind of a trust department, feeling that you are thereby meeting the needs of your clientele. But if you are a popular bank serving large numbers of the people in your community, then if you are to render a trust service to your customers and your community, you must provide a popular trust service meeting the needs of your clientele. Many banking institutions which have long spent time and money in developing a large volume of profitable small business in the banking department have allowed the public to believe that a trust service was needed only by the wealthy and that the bank sought only this type of business. While our bank has administered many of the largest estates in the West and also long has had a very considerable volume of medium-sized trust business, we have felt in reviewing the situation that we have not been giving proper attention to the cultivation of the smaller business. With the tax situation what it now is, has been for some time past, and may be for some time in the future, we felt that the average estate would not be as large in the future as it had been in the past, and that our customers of modest means should have access to a trust service suitable for their needs.

A few months ago we established a "Small Estates Division" which we presented to the public with a rather effective advertising and publicity campaign. We advertised for estates from $1,000 up. The interest created and the response received from the public and from the bar has been most encouraging. Now, of course, in proper cases we have always taken small estates long before we established the "Small Estates Division," and we also fully realize that not every $1,000 estate needs a corporate executor. The surprising fact is that the cordial solicitation by us of small business has been responded to not by people of extremely small means but by people of medium or substantial means. The amount of potential business in the form of wills filed with us increased and is still increasing beyond any experience we have had in the past, and the average size of the estate involved to date has been $45,000.

A survey in one of the large states of the Union showed that only 15% of the estates probated there were handled by corporate executors. Surprising as it may seem, only 11% of estates of between $250,000 and $500,000 were cared for by trust institutions during the period of probate. If anything like this ratio applies to potential trust business in the other fields for which we do not have adequate information, then at least two conclusions are indicated—first, that the trust institutioins to date have not done a very good job of popularizing and selling their services, and second, that there is a large volume of potential business which needs to be served and which the progressive trust institution can secure.

A good trust department should be profitable. That would seem to be so obvious that it would not call for any elaboration. It must not be so elementary, however, because apparently a great many trust departments are either not profitable or do not make a profit commensurate with the service rendered, the capital invested, and the risk assumed. The respected head of a large bank and trust company told me some years ago, "We are not interested in whether our trust department makes money. We use it to take care of the needs of our banking customers, and if the customer's over-all business is profitable, we would not care whether we charged him any fee at all for the trust service we rendered." Of course, such an attitude, if general, would be very demoralizing to the trust business. It is also true that since the prohibition against the rendition of services calling for out-of-pocket expense as a means of compensating commercial depositors has been promulgated, the statement of this particular banker is outlawed as well as outmoded.

You may say, "That man didn't really mean what he said. All bankers want their trust departments or trust companies to be, and most of them are, profitable." Here is what the President of one of the finest trust companies in one of the largest trust centers in the United States said in his last annual report to his shareholders: "Because divisional cost figures will not be available for some weeks the net operating earnings of the department (Personal Trust Department) cannot now be accurately stated. Taking into consideration, however, last year's results and estimates made during the current year it is fair to assume that the operations of this department will not yield earnings to the company which can be regarded as compensatory. This situation, unsatisfactory though it be, is one not peculiar to your company alone but has equal application, it is believed, to the operations of the trust departments of other corporate fiduciaries doing business in this city." The report then goes on to discuss the reasons for the situation and the possible remedies. That is certainly a deliberate factual statement from an informed and reliable source. Is it any wonder that many general bank officers say that, in addition to being a complicated, dangerous business, "there is no money in the trust business."

On the coast we have operated under a higher and more compensatory fee schedule for some years past than has been true in many parts of the East. I have never been entirely satisfied as to the accuracy of departmental cost figures, where some arbitrary allocations are necessarily made, and where many contributions to the success of the department, particularly in the new business field, are made by men and women in the banking department through their customer contacts. In spite of such elements of uncertainty, I have no question but what our trust department is profitable.

One of the strange anomalies in recent years has been that in this effort to run a sound and profitable trust department we have had competition in our own territory from eastern trust departments or trust companies based in part upon a lower schedule of trust charges. At the same time, many of our eastern friends have told us that their trust charges were too low and that much of their trust business was not handled on a profitable basis. Usually, competition on a price basis comes from those new in a particular field whose inexperience and need or desire for business seems to them to require such an appeal, at least until a certain volume of business is secured. Strangely enough, in the trust field this type of competition has frequently come from the long-established, highly esteemed, and well-staffed trust companies having a large volume of trust business. Compensatory charges for trust services rendered are a constructive factor in placing a sound foundation under the trust business, insuring a continuance of a high type of service to trust clients and giving an incentive to trust institutions to widen the scope of their contacts and services. I realize that such a program cannot always be put into effect as easily as the suggestion can be made, involving as it sometimes does an educational program with the legislature and the courts as well as with the public. However, the sooner it is started the sooner it will be done, and it will be a constructive service not only to existing trust institutions but also to those yet to come.

Now, what does a trust department of the kind I have been talking about mean to a bank?

The relationship between a trust department and its bank is a thoroughly reciprocal one, and trust men would be among the first so to testify. The greatest single source of new business of the trust department is from the customers of the bank, and the most effective salesmen for the trust department are the men and women of the banking department who know these customers and are in constant contact with them.

There is also a deeper relationship between the bank and its trust department. The relationship between the trust customer or beneficiary and his corporate fiduciary is one which is usually entered into solemnly and deliberately. When a man turns his property over to some one else to take care of for him, whether during his lifetime or after his death, he wants to know something about that person beyond merely his training, his skills, and his experience. The trustor wants to know what kind of a person the trustee is. What is his character? Is he honest? Is he fair? Is he responsible? Is he trustworthy? Those same questions must be satisfactorily answered as to a corporate fiduciary before the trustor or beneficiary gets down to the terms of the particular transaction. These questions are not answered by asking the President of the institution, "Does your institution have these qualities?" They are answered by the name, reputation, and standing in the community of the bank and its officers. It takes years, sometimes generations, to build up this reputation. It is of priceless value, and it must not be trifled with. A bank cannot achieve this reputation overnight, however extravagant and spectacular its advertising, yet it is a prerequisite to the acquisition of a substantial trust business. With Federally sponsored insurance plans in existence, I have seen large sections of the public leave its money with any institution which offered the highest rate of interest, or borrow its money wherever it could get the largest loan or the lowest interest rate, apparently unconcerned about the character of the institution. Not so with personal trust business.

If the trust department has the benefit of this kind of heritage upon which to build its trust structure, it follows, of course, that in its operations it must maintain and augment, rather than tear down, the good name of the combined institution. The obligations and the benefits, as they should be in all reciprocal matters, are not one-sided.

The administration of estates and the management, investment, and control of the property of others by means of a trust is a service of the highest order which the customers of a bank need. It is a part of the well-rounded banking service of a modern banking institution of sufficient size to render such a service. If your bank is to render a complete banking service to its customers and its community, then you must have a trust department. The trust relationship between the trust customer and his trustee is a very close one, dealing as it does with the personal, intimate affairs of the customers. It is founded upon a feeling of confidence in and respect for the trust institution, and if the duties of the trustee are performed capably and with a friendly understanding, will cement and augment the ties which bind the customer to the entire bank. If you have no trust department, your customer must look elsewhere for this service. How would you like to turn over your best customers to the good trust department of a competitor bank for the rendition of this intimate type of service? The door would be opened for your competitor, possibly also a good bank, to wean your customer away from you. Both as a builder of new business and as a means of strengthening existing relationships, your trust department is of value to your bank.

The good trust department with its staff of skilled men and specialized divisions is in a position to, and usually does, render many services to the bank and its banking departments in the transaction of their banking business. Such services include the keeping of the stock books and the handling of the transfer of the stock of the bank, the holdings of collateral or security in connection with bank loans, the furnishing of a tax service covering real estate owned by the bank or upon which the bank holds a lien, and assistance in the foreclosure of trust deed liens. These and many other services are rendered by the trust department and its staff more conveniently, economically, and efficently than would be the case if the banking department was to set up a duplicate organization for such purposes or employed the services of outside institutions or agencies.

The trust department and its officers, by reason of the nature of their work, frequently have broad contacts with various groups of people which the banking department may not enjoy, at least to the same extent. Such groups include the bar, the bench, the realtors, the insurance underwriters, and many others. These contacts may have incidental as well as direct business value to all departments of the bank.

A good trust department should be and can be a source of substantial and dependable income to the bank, and here again the duration and stability of the trust relationships created, running through the years or even generations, make the income from this source stable and dependable to a greater degree than is the case with many other forms of bank income.

There are a number of large, important, and successful trust companies in this country which offer either no other, or very limited other banking facilities. On the other hand, it is not correspondingly true that any number of large, important, and successful banks do not offer a trust service either through a trust department or an affiliated trust company. Now that statement of fact doesn't of itself prove anything. It does, however, establish pretty conclusively that it is the almost unanimous judgment of those operating the principal banking institutions that the rendition of a trust service by a bank, if not indispensable, is at least highly desirable. I am not a devotee of precedent merely as such, but I do firmly believe that the current best thinking on a given subject usually represents the sum total of the best human experience and thinking up to that time. A distinguished scientist once told me that this accumulated human experience constituted the greatest single source of dependable information on any given subject, whether scientific or otherwise. For this reason, he said, the man who blithely ignores and disregards human experience or precedent is overlooking his greatest single factual reservoir. True progress is made by building on top of past human experience—not by ignoring it. In that enlightened sense, then, I repeat that precedent in the form of the best banking experience to date is that a good trust department and a good trust service is an almost indispensable and certainly a highly desirable part of every sizable, progressive banking institution.

It is my firm conviction that the people of this country believe in, and are going to maintain for themselves and for their posterity, the American system of free enterprise. Part and parcel of that system is the private chartered banking system of this country. Fundamental to both is the right of the individual to acquire, own, and enjoy private property, and that is where the trust company comes in.

The trust function is a service provided for the use of the people of this country who, by the sweat of their brows, the labor of their brains, and the perseverance and determination of their characters in working under the free enterprise system have secured and kept some of the proceeds of their efforts in the form of capital. The ability to acquire and to retain capital by the individual for himself and for those near and dear to him is the mainspring of the initiative, ambition, and effort which have combined to make American business and industry outstanding in their leadership in the world today. If under the guise of taxation or otherwise the men and women in America are denied the right and opportunity first to acquire and second beneficially to enjoy the capital resulting from their labor, then American leadership in these fields will decline. Laziness and stagnation result from placing men upon a dead level irrespective of intelligence, industry, and skill. New frontiers, whether geographical or industrial, are not pioneered by men who have nothing to gain by their achievement.

Just as the accumulation of property and capital is an important and vital part of our system of private business, so the trust business is vital and important to the functioning of that system by providing a means of caring for that property and investing that capital for those who earned it, for their dependents, or for the objects of their benefactions.

In recent years there has grown up in this country, to an alarming degree, a political philosophy to the effect that the citizens, instead of being the master of their government, are its wards. Such a political philosophy would stifle the initiative, the independence, and the self-reliance of the freeborn American citizen by bribing him with the promise of a government dole drawn from the pockets and earnings of the taxpaying citizens or from a mortgage placed upon the property and person of future generations through government deficit financing for such purposes.

American banking has nothing in common with such a philosophy, and in the long run the American people will never accept such a philosophy. After being pushed around just so long, the American people always have, and I believe always will, reassert and maintain their individual rights, both personal and property rights, against any attempt, whether from within or without, to override them. The essence of American life and ideals lies in individual opportunity—not in paternalistic security. In this America of individual initiative and opportunity, American men and women are going to earn, acquire, and retain property and capital as the reward for their efforts and as the incentive for their ambition. They are going to want and need institutions operating under private control and ownership to help them, their dependents, and their loved ones to take care of this property and to invest this capital. That service, a vital and constructive part of our American system and way of life, is a trust service, and it will be rendered efficiently, profitably, and understandingly by the "good trust departments" of the banks of this country.

Gov. Dewey Names Group To Aid N. Y. State In Post-War Industrial Development

The appointment by Gov. Thomas E. Dewey of an Advisory Committee on technical industrial development to help bring information on new products, processes and materials to New York State business men was made known on Oct. 6 in advices from Albany to the New York "Times" which reported Mr. Dewey in a statement as saying that it is important to successful reconversion that knowledge of the technical industrial development made during the war be made available to business generally. From the "Times" we also quote:

"What little thinking our national administration has done on the subject of post-war business reconversion," he said, "has expressed itself chiefly in attempts to evolve a completely regulated adjustment. This deplorable preoccupation indicates our Government's conviction that there is little enterprise left in our nation's business."

Governor Dewey said the 1943 Legislature appropriated funds for a post-war business development to be undertaken by the State Department of Commerce.

"Since that time," he added, "the Department of Commerce offices throughout the State have been working with and for business and labor, and both elements have been helped toward the universal goal of increased post-war job opportunities, particularly for returning veterans and for those war workers who might find themselves without employment after war production is curtailed."

Governor Dewey asserted that some of the individual problems of reconversion can be met only through national action, but others, while national in scope, can be approached most effectively at the State and community level. An outstanding example lies in the field of technical development, he said, where the Department of Commerce has found a widespread demand by small business for information and advice on new processes, products and materials.

"To help us more fully meet this demand I have invited a group of representatives from large and small business, labor leaders and technical experts to serve on an advisory committee on technical industrial development," Governor Dewey said.

"This committee will work with the Department of Commerce in identifying all existing facilities for industrial research and technical advisory service. It will appraise those facilities in the light of post-war expectations and will propose a program to meet our business needs in this field."

Governor Dewey declared that several decades of technical industrial development have been telescoped into a few years as a result of the war and that a large part of this knowledge can be made available to business generally.

"While large industry with trained personnel and complete research facilities is in a good position to capitalize promptly on such developments," he said, "it is my hope that the work of this committee will assure every businessman in the State reasonable access to current information on new products, new processes and new materials."

Governor Dewey added that labor has a primary interest in the problem because half the industrial labor force of the State is employed in small industry and because progress in meeting the technical problems of small industry will mean more jobs and a higher standard of living.

An encouraging by-product of the work done by the Department of Commerce is that "business in New York is independently determined to achieve a higher level of production and employment after the war than has been reached in any peacetime year," he said.

"Our business men," he continued, "know that full employment is the key to our future prosperity. While they recognize that attainment of their objective depends to a large extent upon the reconversion program that may evolve in Washington, they are nevertheless ready to take the initiative in plans of their own for peacetime expansion.

"It is the policy and program of the State of New York to give these businessmen every possible aid within our power to encourage such initiative, so that there may be provided the fullest possible measure of post-war employment and prosperity."

The advices from Albany to the "Times" also state:

M. P. Catherwood, State Commissioner of Commerce, was named Chairman of the new committee. The other members are as follows:

Charles O. Brown, chemical engineer, New York City.

Angus W. Clarke, president of the Fort Schuyler Knitting Co., Utica.

William T. Cruse, executive Vice-President, the Society of Plastics Industry, New York City.

Lawrence F. Cuthbert, President, Newell Manufacturing Co., Ogdensburg.

Mark A. Daly, executive Vice-President, Associated Industries of New York State, Buffalo.

Dean S. C. Hollister, College of Engineering, Cornell University.

C. F. Hotchkiss, President, Stow Manufacturing Co., Binghamton.

Irving M. Ives, majority leader of the State Assembly and Chairman of the Joint Legislative Committee on Labor and Industrial Problems.

C. E. Killinger, Treasurer, Trayer Products, Inc., Elmira.

James H. Luther, Vice-President, Luther Manufacturing Co., Olean.

C. E. K. Mees, Vice-President, Eastman Kodak Co., Rochester.

Dean Louis Mitchell, College of Applied Sciences, Syracuse University.

Gano Dunn, President, J. G. White Engineering Corp., New York City.

E. W. Edwards, Secretary-Treasurer, New York State Federation of Labor, Albany.

Herbert Eisenhart, President, Bausch & Lomb Optical Co., Rochester.

Harold J. Garno, Secretary-Treasurer, New York State Inductrial Union Council, New York City.

M. F. Hilfinger, Vice-President A. E. Nettleton Co., Syracuse.

R. C. Muir, Vice-President, General Electric Co., Schenectady.

H. S. Rogers, President, Polytechnic Institute of Brooklyn.

Frank H. Ryder, President, Harder Refrigerator Corp., Cobleskill.

Dean Thorndike Saville, New York University College of Engineering.

L. K. Sillcox, First Vice-President, the New York Air Brake Co., Watertown.

E. C. Sullivan, Vice-Chairman and director of research, Corning Glass Works, Corning.

Milton Zucker, counsel, Interchemical Corp., New York City.

Industrial Wages Show First Decline Since January 1940, Conference Bd. Reports

Average hourly earnings of all wage earners in manufacturing industry declined 0.2% in August to stand at $1.070, according to the regular monthly survey of 25 manufacturing industries by the National Industrial Conference Board. The Boards report of Oct. 20 says:

"This figure, which includes overtime and other monetary compensations, marks the first decline in nearly five years—since January, 1940. At $1.070 per hour, hourly earnings were 4.9% above the August, 1943 level, 41.0% above that of January, 1941 (the Little Steel formula base), 48.6% above that of August, 1939, and 81.4% higher than the average in 1929. The depression low for average hourly earnings was $0.45 in June, 1933.

"Key figures of the Conference Board's survey for August, excepting hourly earnings which are given above, are as follows:

"Weekly earnings averaged $48.89, an increase of 0.1% over July. They were still 5.7% higher than in August, 1943, 59.7% above January, 1941, and 79.1% above August, 1939.

"'Real' weekly earnings, which measure the quantities of goods and services that can be purchased with dollar weekly income, rose slightly, by 0.1%. They were 3.2% above a year earlier, 30.9% above January, 1941, and 43.3% above August, 1939.

"Hours worked per week rose 0.1 hour in August, or 0.2%. The 45.5 hours averaged in August were 0.4 hour or 0.9% more than were worked in August, 1943, and 5.3 hours, or 13.2%, more than in the January, 1941 week, although they were 2.8 hours, or 5.8%, less than the average for 1929.

"Employment in the 25 manufacturing industries fell off 0.6% in August. Since August, 1943, there has been a drop of 7.7%, but the total exceeded the January, 1941, level by 25.8% and the 1929 average by 35.9%.

"Man hours in August were 0.4% lower than in July, and 6.9% below August, 1943. They remained 42.5% above the January, 1941 level, and 28.0% above the 1929 average.

"Payrolls declined 0.6% from July. They were 2.5% less than in August, 1943, but 101.0% greater than in January, 1941, and 132.7% above the average for 1929."

Manchester Guardian Hits Morgenthau Plan

According to Manchester advices (Reuter) Sept. 26, the Morgenthau plan for the treatment of Germany was criticized by the liberal Manchester "Guardian" in an editorial that day. The paper fears that it would drive the German nation to nihilism or Bolshevism and ultimately penalize the rest of Europe, according to the Reuter account, published in the Baltimore "Sun" of Sept. 27, from which we take the following:

Says the "Guardian":

"The Morgenthau plan as reported is bad because it is impracticable and because it would penalize the whole of Europe.

Punishment Called Negative

"In deciding a policy for Germany two principles must be borne in mind. The punishment of Germany is itself only a negative act, a part of the war rather than of the peace. And no measure which requires the permanent use of force has any chance of success.

"If the German people want to establish two independent States in the north and south then no one will prevent them, but if they want to remain united only force will keep them apart.

"For how long are Mr. Morgenthau and those who think with him prepared to weep. An army of occupation — American and British—in Europe to see that this is done?

Annexation Easier

"The annexation of German territory by either France or Poland, who have not even been consulted, is easier because these nations would of necessity have to maintain large armies to enforce it. But like all territorial annexations that have not got the approval of the inhabitants this suffers from serious objections.

"The second criticism of the Morgenthau plan is this: It is clearly designed to reduce the German people to a condition of abject and continuous poverty."

"The economic state of Germany after the collapse of the Nazi Government is likely to be serious enough as it is; Mr. Morgenthau's plan would result in a desperate and starving proletariat of 60,000,000 or 70,000,000 Germans whose only refuge would be Nihilism or Bolshevism of a kind that Wall Street would hardly approve, but which would quickly contaminate the rest of Europe."

Text Of The Surplus Property Disposal Act

Provides For Administrative Board Of Three Members—Makes Provision For Increase In Loan Rate On Cotton

We are giving below the full text of the "Surplus Property Act of 1944," which as an aid to reconversion from a war to peace economy, provides for the disposal of Government surplus property through a Surplus Property Board to be composed of three members to be appointed by the President.

Among other things, the newly enacted legislation, signed by the President on Oct. 3, sets out that "it shall be the duty of the Board to devise ways and means, and prescribe regulations to prevent any discrimination against small business in the disposal and distribution and use of any surplus property." There is also a provision in the new law providing for an increase in the loan rate on cotton.

The completion of Congressional action on this bill was noted in our Sept. 28 issue, page 1386, and its signing was reported in these columns Oct. 5, page 1504. The President's statement made with the signing of the bill appeared on page 1612 of our Oct. 12 issue.

The text of the law as approved Oct. 3 follows:

[Public Law 457—78th Congress]
[Chapter 479—2d Session]
[H. R. 5125]

AN ACT

To aid the reconversion from a war to a peace economy through the distribution of Government surplus property and to establish a Surplus Property Board to effectuate the same, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Surplus Property Act of 1944".

Objectives

Sec. 2. The Congress hereby declares that the objectives of this Act are to facilitate and regulate the orderly disposal of surplus property so as—

(a) to assure the most effective use of such property for war purposes and the common defense;

(b) to give maximum aid in the reestablishment of a peacetime economy of free independent private enterprise, the development of the maximum of independent operators in trade, industry, and agriculture, and to stimulate full employment;

(c) to facilitate the transition of enterprises from wartime to peacetime production and of individuals from wartime to peacetime employment;

(d) to discourage monopolistic practices and to strengthen and preserve the competitive position of small business concerns in an economy of free enterprise;

(e) to foster and to render more secure family-type farming as the traditional and desirable pattern of American agriculture;

(f) to afford returning veterans an opportunity to establish themselves as proprietors of agricultural, business, and professional enterprises;

(g) to encourage and foster post-war employment opportunities;

(h) to assure the sale of surplus property in such quantities and on such terms as will discourage disposal to speculators or for speculative purposes;

(i) to establish and develop foreign markets and promote mutually advantageous economic relations between the United States and other countries by the orderly disposition of surplus property in other countries;

(j) to avoid dislocations of the domestic economy and of international economic relations;

(k) to foster the wide distribution of surplus commodities to consumers at fair prices;

(l) to effect broad and equitable distribution of surplus property;

(m) to achieve the prompt and full utilization of surplus property at fair prices to the consumer through disposal at home and abroad with due regard for the protection of free markets and competitive prices from dislocation resulting from uncontrolled dumping;

(n) to utilize normal channels of trade and commerce to the extent consistent with efficient and economic distribution and the promotion of the general objectives of this Act (without discriminating against the establishment of new enterprises);

(o) to promote production, employment of labor, and utilization of the productive capacity and the natural and agricultural resources of the country;

(p) to foster the development of new independent enterprise;

(q) to prevent insofar as possible unusual and excessive profits being made out of surplus property;

(r) to dispose of surplus property as promptly as feasible without fostering monopoly or restraint of trade, or unduly disturbing the economy, or encouraging hoarding of such property, and to facilitate prompt redistribution of such property to consumers;

(s) to dispose of surplus Government-owned transportation facilities and equipment in such manner as to promote an adequate and economical national transportation system; and

(t) except as otherwise provided, to obtain for the Government, as nearly as possible, the fair value of surplus property upon its disposition.

Definitions

Sec. 3. As used in this Act—

(a) The term "Government agency" means any executive department, board, bureau, commission, or other agency in the executive branch of the Federal Government, or any corporation wholly owned (either directly or through one or more corporations) by the United States.

(b) The term "owning agency", in the case of any property, means the executive department, the independent agency in the executive branch of the Federal Government, or the corporation (if a Government agency), having control of such property otherwise than solely as a disposal agency.

(c) The term "disposal agency" means any Government agency designated under section 10 to dispose of one or more classes of surplus property.

(d) The term "property" means any interest, owned by the United States or any Government agency, in real or personal property, of any kind, wherever located, but does not include (1) the public domain, or such lands withdrawn or reserved from the public domain as the Surplus Property Board (created by section 5) determines are suitable for return to the public domain for disposition under the general land laws, or (2) naval vessels of the following categories: Battleships, cruisers, aircraft carriers, destroyers, and submarines.

(e) The term "surplus property" means any property which has been determined to be surplus to the needs and responsibilities of the owning agency in accordance with section 11.

(f) The term "contractor inventory" means (1) any property related to a terminated contract of any type with a Government agency or to a subcontract thereunder; and (2) any property acquired under a contract pursuant to the terms of which title is vested in the Government, and in excess of the amounts needed to complete performance thereunder; and (3) any property which the Government is obligated to take over under any type of contract as a result of any change in the specifications or plans thereunder.

(g) The term "care and handling" includes completing, repairing, converting, rehabilitating, operating, maintaining, preserving, protecting, insuring, storing, packing, handling, and transporting, and, in the case of property which is dangerous to public health or safety, destroying, or rendering innocuous, such property.

(h) The term "person" means any individual, corporation, partnership, firm, association, trust, estate, or other entity.

(i) The term "State" includes the Several States, Territories, and possessions of the United States, and the District of Columbia.

(j) The term "tax-supported institution" means any scientific, literary, educational, public-health, or public-welfare institution which is supported in whole or in part through the use of funds derived from taxation by the United States, or by any State or political subdivision thereof.

(k) The term "veteran" means any person in the active military or naval service of the United States during the present war, or any person who served in the active military or naval service of the United States on or after September 16, 1940, and prior to the termination of the present war, and who has been discharged or released therefrom under honorable conditions.

Disposition of Surplus Property—General Rule

Sec. 4. Surplus property shall be disposed of to such extent, at such times, in such areas, by such agencies, at such prices, upon such terms and conditions, and in such manner, as may be prescribed in or pursuant to this Act.

Surplus Property Board

Sec. 5. (a) There is hereby established in the Office of War Mobilization, and in its successor, a Surplus Property Board (hereinafter called the "Board"), which shall be composed of three members, each of whom shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of $12,000 per annum. The term of office of the members shall be two years, except that the term of office of the members first appointed shall expire two years from the date of the enactment of this Act, and the next succeeding terms shall then begin, and any person appointed to fill a vacancy caused by the death, resignation, or removal of a member prior to the expiration of the term of such member shall be appointed only for such unexpired term. The President shall designate one of the members of the Board as Chairman.

(b) The Board may, within the limits of funds which may be made available, appoint and fix the compensation of such officers and employees, and may make such expenditures for supplies, facilities, and services, as may be necessary to carry out its functions. Without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, the Board may appoint such special assistants, and may employ such certified public accountants, qualified cost accountants, industrial engineers, appraisers, and other experts, and fix their compensation, and may contract with such certified public accounting firms and qualified firms of engineers, as may be necessary to carry out its functions.

Duties and Authority of Board

Sec. 6. The activities of the Board shall be coordinated with the programs of the armed forces of the United States in the interests of the war effort. Until peace is concluded the needs of the armed forces are hereby declared and shall remain paramount. The Board shall have general supervision and direction, as provided in this Act, over (1) the care and handling and disposition of surplus property, and (2) the transfer of surplus property between Government agencies.

Cooperation With Interested Government Agencies

Sec. 7. The Board shall advise and consult with other interested Government agencies with a view to obtaining all aid and assistance possible in coordinating the functions of the several agencies affected by the disposition of surplus property.

Delegation of Authority

Sec. 8. The head of any Government agency, except the Board, may delegate, and authorize successive redelegations of, any authority conferred upon him or his agency by or pursuant to this Act to any officer, agent, or employee of such agency or, with the approval of the Board, to any other Government agency.

Regulations

Sec. 9. (a) The Board shall prescribe regulations to effectuate the provisions of this Act. In formulating such regulations, the Board shall be guided by the objectives of this Act.

(b) Regulations issued pursuant to subsection (a) may, except as otherwise provided in this Act, contain provisions prescribing the extent to which, the times at which, the areas in which, the agencies by which, the prices at which, and the terms and conditions under which, surplus property may be disposed of, and the extent to which and the conditions under which surplus property shall be subject to care and handling.

(c) Each Government agency shall carry out regulations of the Board expeditiously and shall issue such further regulations, not inconsistent with the regulations of the Board, as it deems necessary or desirable to carry out the provisions of this Act.

(d) Regulations prescribed under this Act shall be published in the Federal Register.

Designation of Disposal Agencies

Sec. 10. (a) Except as provided in subsection (b) of this section, the Board shall designate one or more Government agencies to act as disposal agencies under this Act. In exercising its authority to designate disposal agencies, the Board shall assign surplus property for disposal by the fewest number of Government agencies practicable and, so far as it deems feasible, shall centralize in one disposal agency responsibility for the disposal of all property of the same type or class.

(b) The United States Maritime Commission shall be the sole disposal agency for surplus vessels which the Commission determines to be merchant vessels or capable of conversion to merchant use, and such vessels shall be disposed of only in accordance with the provisions of the Merchant Marine Act, 1936, as amended, and other laws authorizing the sale of such vessels.

Declaration and Disposition of Surplus Property

Sec. 11. (a) Each owning agency shall have the duty and responsibility continuously to survey the property in its control and to determine which of such property is surplus to its needs and responsibilities.

(b) Each owning agency shall promptly report to the Board and the appropriate disposal agency all surplus property in its control which the owning agency does not dispose of under section 14.

(c) Whenever in the course of the performance of its duties under this Act, the Board has reason to believe that any owning agency has property in its control which is surplus to its needs and responsibilities and which it has not reported as such, the Board shall promptly report that fact to the Senate and House of Representatives. Each owning agency and each disposal agency shall submit to the Board (1) such information and reports with respect to surplus property in the control of the agency, in such form, and at such reasonable times, as the Board may direct; (2) such information and reports with respect to other property in the control of the agency, to such extent, and in such form, as the Board may direct and as the agency deems consistent with national security.

(d) When any surplus property is reported to any disposal agency under subsection (b) of this section, the disposal agency shall have responsibility and authority for the disposition of such property, and for the care and handling of such property pending its disposition, in accordance with regulations prescribed by the Board. Where the disposal agency is not prepared at the time of its designation under this Act to undertake the care and handling of such surplus property the Board may postpone the responsibility of the agency to assume the duty for care and handling for such period as the Board deems necessary to permit the preparation of the agency therefor.

(e) The Board shall prescribe regulations necessary to provide, so far as practicable, for uniform and wide public notice concerning surplus property available for sale, and for uniform and adequate time intervals between notice and sale so that all interested purchasers may have a fair opportunity to buy.

(f) No surplus property which was processed, produced, or donated by the American Red Cross for any Government agency shall be disposed of except after notice to and consultation with the American Red Cross. All or any portion of such property may be donated to the American Red Cross, upon its request, solely for charitable purposes.

(g) Each disposal agency shall maintain in each of its disposal offices such records of its inventories of surplus property and of each disposal transaction negotiated by that office as the Board may prescribe. The information in such records shall be available at all reasonable times for public inspection.

Utilization of Surplus Property by Federal Agencies

Sec. 12. (a) It shall be the duty of the Board to facilitate the transfer of surplus property from one Government agency to other Government agencies for their use; and the transfer of surplus property under this section shall be given priority over all other disposals provided for in this Act.

(b) It shall be the responsibility of all Government agencies, in order to avoid making purchases through commercial channels, continuously to consult the records of surplus property established by the Board and to determine whether their requirements can be satisfied out of such surplus property. It shall also be the responsibility of the head of each Government agency to submit to the Board such estimates of the needs of the agency and such reports in relation thereto as the Board may deem necessary to promote the fullest utilization of surplus property. It shall be the responsibility of the Board to determine whether Government agencies are acquiring surplus property to the fullest possible extent, and to notify agencies whenever, in its judgment, they are not so doing.

(c) The disposal agency responsible for any such property shall transfer it to the Government agency acquiring it at the fair value of the property as fixed by the disposal agency, under regulations prescribed by the Board, unless transfer without reimbursement or transfer of funds is otherwise authorized by law.

Disposal to Local Governments and Nonprofit Institutions

Sec. 13. (a) The Board shall prescribe regulations for the disposition of surplus property to States and their political subdivisions and instrumentalities, and to tax-supported and nonprofit institutions, and shall determine on the basis of need what transfers shall be made. In formulating such regulations the Board shall be guided by the objectives of this Act and shall give effect to the following policies to the extent feasible and in the public interest:

(1) (A) Surplus property that is appropriate for school, classroom, or other educational use may be sold or leased to the States and their political subdivisions and instrumentalities, and tax-supported educational institutions, and to other nonprofit educational institutions which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(B) Surplus medical supplies, equipment, and property suitable for use in the protection of public health, including research, may be sold or leased to the States and their political subdivisions and instrumentalities, and to tax-supported medical institutions, and to hospitals or other similar institutions not operated for profit which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code.

(C) In fixing the sale or lease value of property to be disposed of under subparagraph (A) and subparagraph (B) of this paragraph, the Board shall take into consideration any benefit which has accrued or may accrue to the United States from the use of such property by any such State, political subdivision, instrumentality, or institution.

(2) Surplus property shall be disposed of so as to afford public and governmental institutions, non-profit or tax-supported educational institutions, charitable and eleemosynary institutions, non-profit or tax-supported hospitals and similar institutions, States, their political subdivisions and instrumentalities, and volunteer fire companies, an opportunity to fulfill, in the public interest, their
(b) Under regulations pre-
legitimate needs.
scribed by the Board, whenever the Government agency authorized to dispose of any property finds that it has no commercial value or that the cost of its care and handling and disposition would exceed the estimated proceeds, the agency may donate such property to any agency or institution supported by the Federal Government or any State or local government, or to any non-profit educational or charitable organization, or, if that is not feasible, shall destroy or otherwise dispose of such property, but, except in the case of property the immediate destruction of which is necessary or desirable either because of the nature of the property or because of the expense or difficulty of its care and handling, no property shall be destroyed until thirty days after public notice of the proposed destruction thereof has been given (and a copy of such notice given to the Board at the beginning of such thirty-day period) and an attempt has been made within such thirty days to dispose of such property otherwise than by destruction.

(c) No airport and no harbor or port terminal, including necessary operating equipment, shall be otherwise disposed of until it has first been offered, under regulations to be prescribed by the Board, for sale or lease to the State, political subdivision thereof, and any municipality, in which it is situated, and to all municipalities in the vicinity thereof.

(d) Whenever any State or political subdivision thereof, or any State or Government agency or instrumentality certifies to the Board that any power transmission line determined to be surplus property under the provisions of this Act is needful for or adaptable to the requirements of any public or cooperative power project, such line and the right-of-way acquired for its construction shall not be sold, leased for more than one year, or otherwise disposed of, except as provided in section 12 or this section, unless specifically authorized by Act of Congress.

(e) In disposing of any surplus real property, as defined in section 23, on or across which highways or streets had been established and constructed and were being maintained by the States or their political subdivisions or instrumentalities at the time such surplus real property was acquired by the Government, and where such highways or streets were vacated, destroyed, or shut off from general public use in order to meet the requirements and serve the purposes of the Government, the States or their political subdivisions or instrumentalities first shall be given a reasonable time, to be fixed by the Board, in which to repurchase the original rights-of-way on which such highways or streets were established and in which to purchase such new or additional rights-of-way as may be required for reestablishing, in whole or in part, such highways or streets of greater width or on new and more adequate locations, at a price not exceeding that paid therefor by the Government.

(f) The disposal of surplus property under this section to States and political subdivisions and instrumentalities thereof shall be given priority over all other disposals of property provided for in this Act except transfers under section 12.

Disposition by Owning Agency

Sec. 14. (a) Subject only to the regulations of the Board with respect to price policies, any owning agency may dispose of any property for the purpose of war production or authorize any contractor with such agency or subcontractor thereunder to retain or dispose of any contractor inventories for the purpose of war production. The Board may empower any owning agency, subject to the regulations of the Board, to authorize any contractor with such agency or subcontractor thereunder to retain or dispose of any contractor inventories for any other purpose which in the opinion of the Board is not contrary to the objectives of this Act. Where any owning agency takes possession of any contractor inventory from any contractor with the agency or subcontractor thereunder, such property shall be disposed of only in accordance with the provisions of this Act.

(b) Subject only to subsection (c) of this section, any owning agency may dispose of—

(1) any property which is damaged or worn beyond economical repair;

(2) any waste, salvage, scrap, or other similar items;

(3) any product of industrial, research, agricultural, or livestock operations, or of any public works construction or maintenance project, carried on by such agency;

which does not consist of strategic minerals and metals, as defined in section 22.

(c) Whenever the Board deems such action necessary to effectuate the objectives and policies of this Act, the Board, by regulations, shall restrict the authority of any owning agency to dispose of any class of surplus property under subsection (b) of this section.

Methods of Disposition

Sec. 15. (a) Notwithstanding the provisions of any other law but subject to the provisions of this Act, whenever any Government agency is authorized to dispose of property under this Act, then the agency may dispose of such property by sale, exchange, lease, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions, as the agency deems proper: *Provided, however*, That in the case of raw materials, consumer goods, and small tools, hardware, and nonassembled articles which may be used in the manufacture of more than one type of product, no extension of credit under this Act shall be for a longer period than three years.

(b) Any owning agency or disposal agency may execute such documents for the transfer of title or other interest in property or take such other action as it deems necessary or proper to transfer or dispose of property or otherwise to carry out the provisions of this Act, and, in the case of surplus property, shall do so to the extent required by the regulations of the Board.

Dispositions to Veterans

Sec. 16. The Board shall prescribe regulations to effectuate the objectives of this Act to aid veterans to establish and maintain their own small business, professional, or agricultural enterprises, by affording veterans suitable preferences to the extent feasible and consistent with the policies of this Act in the acquisition of the types of surplus property useful in such enterprises.

Dispositions in Rural Areas

Sec. 17. The Board shall devise ways and means and prescribe regulations in cooperation with the War Food Administrator providing for the sale of surplus property in such quantities in rural localities and in such manner as will assure farmers and farmers' cooperative associations equal opportunity with others to purchase surplus property: *Provided, however*, That in cases where a shortage of trucks, machinery, and equipment impairs farm production, a program shall be developed by the Board in cooperation with the Agricultural Adjustment Agency whereby a reasonable portion of the surplus supply will be made available for sale in rural areas to farmers and farmers' cooperative associations.

Small Businesss

Sec. 18. (a) It shall be the duty of the Board to devise ways and means and prescribe regulations to prevent any discrimination against small business in the disposal and distribution and use of any surplus property.

(b) The Board shall by regulations determine, or provide for the determination, as to all surplus property in the hands of each disposal agency, the size of lots in which, and the areas in which, the various classes of such property should be offered consistently with the usual and customary commercial practice with respect to such class. The available supply of each class in each area shall be so disposed of as to give to prospective purchasers, within such area, of any particular amount (not smaller than the smallest lot consistent with such commercial practice) preference (by affording them reasonable opportunity to acquire the desired amount) over prospective purchasers of larger amounts.

(c) The Smaller War Plants Corporation is hereby specifically charged with the responsibility of cooperating with the Board and with the owning and disposal agencies, of making surveys from time to time, and bringnig to the attention of the agencies and the Board the needs and requirements of small business and any cases or situations which have resulted in or would effect discrimination against small business in the purchase or acquisition of surplus property by them and in the disposal thereof by the agencies.

(d) The Smaller War Plants Corporation is hereby authorized and directed to consult with small business to obtain full information concerning the needs of small business for surplus property.

(e) The Smaller War Plants Corporation shall have the power to purchase any surplus property for resale, subject to regulations of the Board, to small business (and is empowered to receive other property in exchange as partial or full payment therefor), when in its judgment, such disposition is required to preserve and strengthen the competitive position of small business, or will assist the Corporation in the discharge of the duties and responsibilities imposed upon it. The provisions of subsections (a) and (c) of section 12 shall be applicable to purchases made by the Smaller War Plants Corporation under this subsection.

(f) The Smaller War Plants Corporation is hereby authorized, for the purpose of carrying out the objectives of this section, to make or guarantee loans to small business enterprises in connection with the acquisition, conversion, and operation of plants and facilities which have been determined to be surplus property, and, in cooperation with the disposal agencies, to arrange for sales of surplus property to small business concerns on credit or time bases.

Disposal of Plants

Sec. 19. (a) The Board, in cooperation with the various disposal agencies, shall prepare and submit to the Congress within three months after enactment of this Act, a report as to each of the following classes of surplus property (not including any plant which cost the Government less than $5,000,000): (1) aluminum plants and facilities; (2) magnesium plants and facilities; (3) synthetic rubber plants and facilities; (4) chemical plans and facilities; (5) aviation gasoline plants and facilities; (6) iron and steel plants and facilities; (7) pipe lines and facilities used for transporting oil; (8) patents, processes, techniques, and inventions, except such as are necessary to the operation of the plants and facilities therein listed; (9) aircraft plants and facilities and aircraft and aircraft parts; (10) shipyards and facilities; (11) transportation facilities; and (12) radio and electrical equipment:

(A) Describing the amount, cost, and location of the property and setting forth other descriptive information relative to the use of the property;

(B) Outlining the economic problems that may be created by disposition of the property;

(C) Setting forth a plan or program for the care and handling, disposition, and use of the property consistent with the policies and objectives set forth in this Act.

(b) In the event that it is not possible within such period to prepare and submit a complete report to the Congress as to any class of property, the Board shall submit an interim report three months after the enactment of this Act, and shall submit a complete report as soon thereafter as possible. If the Board determines that it is desirable to alter or change any such plan or program or to prepare a report on any other class of property, it shall prepare in accordance with the provisions of this subsection and submit to the Congress an additional report, setting forth the altered or changed plan or program or a plan or program relating to the new class of property.

(c) Whenever the Board may deem it to be in the interest of the objectives of this Act it may authorize the disposition of any surplus property listed in classes 9 to 12, inclusive, of subsection (a) of this section. With respect to the property listed in classes 1 to 8, inclusive, no disposition shall be made or authorized until thirty days after such report (or additional report) has been made while Congress is in session, except that the Board may authorize any disposal agency to lease any such property for a term of not more than five years.

(d) The Board may authorize any disposal agency to dispose of any materials or equipment related to any surplus plant covered by this section, if such materials and equipment are not necessary for the operation of the plant in the manner for which it is designed.

(e) This section shall not apply to any Government-owned equipment, structure, or other property operated as an integral part of a privately owned plant and not capable of economic operation as a separate and independent unit.

Applicability of Antitrust Laws

Sec. 20. Whenever any disposal agency shall begin negotiations for the disposition to private interests of a plant or plants or other property, which cost the Government $1,000,000 or more, or of patents, processes, techniques or inventions, irrespective of cost, the disposal agency shall promptly notify the Attorney General of the proposed disposition and the probable terms or conditions thereof. Within a reasonable time, in no event to exceed ninety days after receiving such notification, the Attorney General shall advise the Board and the disposal agency whether, in his opinion, the proposed disposition will violate the antitrust laws. Upon the request of the Attorney General, the Board or other Government agency shall furnish or cause to be furnished such information as it may possess which the Attorney General determines to be appropriate or necessary to enable him to give the advice called for by this section or to determine whether any other disposition of surplus property violates the antitrust laws. Nothing in this Act shall impair, amend, or modify the antitrust laws or limit and prevent their application to persons who buy or otherwise acquire property under the provisions of this Act. As used in this section, the term "antitrust laws" includes the Act

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Text Of The Surplus Property Disposal Act

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of July 2, 1890 (ch. 647, 26 Stat. 209), as amended; the Act of October 15, 1914 (ch. 323, 38 Stat. 730), as amended; the Federal Trade Commission Act; and the Act of August 27, 1894 (ch. 349, secs. 73, 74, 28 Stat. 570), as amended.

Disposal of Surplus Agricultural Commodities

Sec. 21. (a) Subject to the supervision of the Board, the War Food Administrator, or his successor, shall be solely responsible for the formulation of policies with respect to the disposal of surplus agricultural commodities and surplus foods processed from agricultural commodities, which shall be administered by the disposal agency or agencies designated by the Board. Such policies shall be so formulated as to prevent surplus agricultural commodities, or surplus food processed from agricultural commodities, from being dumped on the market in a disorderly manner and disrupting the market prices for agricultural commodities.

(b) The Board shall not exercise any of its powers under this Act with relation to disposal of surplus cotton or woolen goods except with the approval in writing of the War Foods Administrator or his successor.

(c) Surplus farm commodities shall not be sold in the United States under this Act in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation, or at less than current prevailing market prices, whichever may be the higher, unless such commodities are being disposed of, pursuant to this Act, only for export; and the Commodity Credit Corporation may dispose of or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices, any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any law: *Provided*, That no food or food product shall be sold or otherwise disposed of under this subsection for export (1) if there is a shortage of such food or food product in the United States or if such sale or other disposition may result in such a shortage, or (2) if such food or food product is needed to supply the normal demands of consumers in the United States.

Stock Piling

Sec. 22. (a) All Government-owned accumulations of strategic minerals and metals, including those owned by any Government corporation, shall be transferred by the owning agency, when determined to be surplus pursuant to this Act, to the account of the Treasury Procurement Division and shall be added to the stock pile authorized by the Act of June 7, 1939 (53 Stat. 811), as amended, and shall be subject to its provisions: *Provided*, That contractor inventory shall be so transferred only when the owning agency has taken possession of and determined such inventory to be surplus. The minerals and metals may be transferred in any form in which they are held, but the owning agency or the Treasury Procurement Division is authorized either before or after such legal transfer to cause such minerals or metals to be put into forms best suited for storage and use for the common defense. As used in this section the phrase "strategic minerals and metals" means copper, lead, zinc, tin, magnesium, manganese, chromite, nickel, molybdenum, tungsten, mercury, mica, quartz crystals, industrial diamonds, cadmium, fluorspar, cobalt, tantalite, antimony, vanadium, platinum, beryl, graphite (and to which may be added aluminum or any other minerals or metals in such quantities or amounts as the Army and Navy Munitions Board may determine to be necessary for the stock pile authorized by the Act of June 7, 1939), and shall include ores, concentrates, alloys, scrap, and partially and completely fabricated articles of which the principal components by value consist of such minerals and metals, but shall not include such fabricated articles as the Army and Navy determine are not suitable for their use in the form in which fabricated and which may be disposed of commercially at value substantially in excess of the metal market price of the component minerals and metals of such fabricated articles.

(b) Pending a determination by the War Production Board that the supplies of the respective strategic minerals and metals available to industry are sufficient to meet the current requirements of industry, the owning agency subject to the regulations prescribed by the Surplus Property Board shall withhold from transfer under this section an amount of such minerals and metals equal to the deficiency, if any, estimated by the War Production Board as likely to exist for the requirements of industry for a period of six months for purposes other than war production; and may dispose of the minerals and metals so withheld to the extent necessary to meet any such deficiency actually found to exist by the War Production Board, at the market price of the respective minerals and metals.

(c) Any Government-owned accumulations of strategic materials shall at the request of the War and Navy Departments be transferred by the owning agency, when determined to be surplus pursuant to this Act, to the account of the Treasury Procurement Division and shall be added to the stock pile authorized by the Act of June 7, 1939 (53 Stat. 811), as amended, and shall be subject to its provisions. The materials may be transferred in any form in which they are held and they shall thereafter be put into forms best suited for storage and use for the common defense. The term "strategic materials" as used in this subsection means all materials except strategic minerals and metals as defined in subsection (a) of this section and includes all materials in group A or in group B of the list of strategic and critical materials determined upon by the Army and Navy Munitions Board on March 6, 1944, as amended from time to time, but shall not include any of such materials which the Army and Navy determine do not meet the specifications suitable for common defense or are in excess of the needs thereof. The Army and Navy Munitions Board is authorized to direct the removal from the list of any of the materials as defined in this subsection, in which event they shall be disposed of under the provisions of this Act.

(d) Within three months following the enactment of this Act the Army and Navy Munitions Board shall submit to Congress its recommendations respecting the maximum and minimum amounts of each strategic mineral or metal which in its opinion should be held in the stock pile authorized by the Act of June 7, 1939. After one year from the submission of such recommendations, unless the Congress provides otherwise by law, the Board may authorize the proper disposal agencies to dispose of any Government-owned accumulations of strategic minerals and metals including those owned by any Government corporation when determined to be surplus pursuant to this Act.

Disposal of Surplus Real Property

Sec. 23. (a) As used in this section—

(1) The term "real property" means property consisting of land, together with any fixtures and improvements thereon, located outside of the District of Columbia, but does not include war housing, industrial plants, factories, or similar structures and facilities, or the sites thereof, or land which the Board determines is essential to the use of any of the foregoing; and

(2) The term "surplus real property" means real property which has been determined under section 11 to be surplus property.

(b) Surplus real property which is not disposed of to Government agencies under section 12 or to States or their political subdivisions or instrumentalities under section 13 shall be disposed of in accordance with this section.

(c) Immediately after the reporting of surplus real property to the Board under section 11, the Board shall classify such property as agricultural, grazing, forest, mineral, or otherwise, as it may deem advisable. The classification may be revised from time to time.

(d) (1) (A) In the case of any surplus real property which was acquired by any Government agency after December 31, 1939, the person from whom such property was acquired shall be given notice, in such manner (which may include publication) as the Board by regulation may prescribe, that the property is to be disposed of by the United States and shall be entitled to purchase such property, in substantially the identical tract as when acquired from such person, at private sale at any time during the period of ninety days following such notice: *Provided*, That such period shall be extended in any case when it appears that such extension is necessary or appropriate to facilitate the sale of any surplus real property under this subsection.

(B) In the case of real property acquired by any Government agency after December 31, 1939, which either—

(i) has not been determined under section 11 to be surplus property, or

(ii) has been disposed of under section 12 or 13, or

(iii) is classified as suitable for a purpose different from that for which it was used when acquired by the Government, and with respect to which the person from whom it was acquired has signified an intention not to exercise the privilege granted under subparagraph (A),

the person from whom such property was acquired may be offered other surplus real property in the same area for purchase at private sale, if such other property is classified as suitable for the purpose for which the property so acquired was used when so acquired, and is otherwise similar to the property so acquired.

(2) In the case of surplus real property which was acquired by any Government agency after December 31, 1939, and which is classified as suitable for agricultural use, if any tenant (who was a tenant at the time of acquisition) of the person from whom such property was acquired, signifies, within a period of ninety days following public notice of sale, his intention to purchase such property, and no person has exercised his privilege under paragraph (1) (A), such tenant shall be entitled to purchase such property, in substantially the identical tract as when acquired by such Government agency, at private sale at any time during such ninety-day period.

(3) The price to be paid for surplus real property sold under this subsection shall be a price not greater than that for which it was acquired by the United States, such acquisition price being properly adjusted to reflect any increase or decrease in the value of such property resulting from action by the United States, or a price equal to the market price at the time of sale of such property, whichever price is the lower.

(4) The Board may by regulation prescribe methods for the identification of persons entitled to exercise the privileges conferred by this subsection.

(e) If any surplus real property is not disposed of under subsection (d)—

(1) such property, if classified as suitable for agricultural use, shall be subdivided, as provided by the Board, whenever practicable into economic family-size units (taking into consideration the variations in sizes of economic units in different localities); and

(2) such property, if not classified as suitable for agricultural use, shall be subdivided into the appropriate units in which the Board deems the property should be disposed of, giving due consideration to the character of the property, the economic use to which it is likely to be put, and the objectives of disposition as set forth in this Act.

(f) (1) Whenever any surplus real property classified as suitable for agricultural, residential, or small business purposes is to be disposed of, except as provided in subsection (d) of this section, veterans shall be granted a preference in the purchase of such property over nonveterans.

(2) The following procedure shall govern the exercise of veterans' preference rights under this subsection: The disposal agency, under regulations prescribed by the Board, shall fix the price of each unit into which the property is subdivided under subsection (e) after taking into consideration the then current market value, the character of the property, and, if income producing property, the estimated earning capacity thereof. Before any such property is disposed of, except under subsection (d), any veteran may apply for the purchase of any or all units offered for sale at the price so fixed. The Board shall prescribe the time within which application shall be made and shall give such notice thereof as it deems reasonable to enable veterans to exercise their rights under this subsection. The Board shall provide for the selection of the purchaser of each unit by lot from among the applicants for the unit. If any applicant is selected as the purchaser of more than one unit, he shall elect which one to take, whereupon the right to purchase the remaining units shall go to the remaining applicants in the order in which their names were drawn. No veteran may apply for the purchase of any property under the provisions of this subsection if he has previously exercised a preference right under this section and has acquired property pursuant thereto. Sales to veterans under this subsection shall be upon such terms as the Board may prescribe.

(g) In the case of the death of a person entitled under this section to rights as a former owner or veteran, his spouse and children, in that order, shall succeed to such rights of the decedent existing at the time of his death. Any preference right under subsection (f) to which a person would have been entitled except for his death while in the active military or naval service of the United States, shall be extended to his spouse and children, in that order. No preference right may be assigned or exercised by power of attorney or through a power to select except as may be permitted by regulations prescribed by the Board in order to prevent the loss of such right by the holder thereof.

(h) A certificate by the disposal agency that the provisions of subsections (d), (f), and (g) have been complied with in the case of any property and that no qualified applicant has made application to exercise his privilege to purchase within the time limits fixed by or pursuant to this Act, shall terminate all privileges to purchase such property.

(i) In the case of surplus real property which is classified as suitable for agricultural use and which is not disposed of under subsection (d) or (f), such property (after subdivision as provided in subsection (e) (1)) shall be disposed of insofar as possible only to persons who expect to cultivate the land and to operate it for a livelihood. The Department of Agriculture is authorized and directed, within the limits of its current functions under the Bankhead-Jones Farm Tenant Act, to extend needed financial and other assistance to persons eligible for such assistance under the Bankhead-Jones Farm Tenant Act and the Servicemen's Readjustment Act of 1944, in connection with the disposal of surplus agricultural lands pursuant to this subsection.

(j) In the case of sales of real property under this section or under any other provision of this Act, the form of deed or instrument of transfer shall be approved by the Attorney General. Deeds or other instruments containing general or special warranties of title may be issued and delivered to purchasers provided such warranties have been recommended and approved by the Attorney General. In determining whether general or special warranty deeds to properties may be issued and delivered, the Attorney General is authorized to approve the issuance and delivery of warranty deeds where titles are subject to infirmities of such character that in his opinion the interests of the United States will not be jeopardized under its warranty.

Reports to Congress

Sec. 24. Within three months after the enactment of this Act, and thereafter in January, April, July, and October of each year, the Board shall submit to the Senate and House of Representatives a progress report on the exercise of its authority and discretion under this Act, the status of surplus property disposition, and such other pertinent information on the administration of the Act as will enable the Congress to evaluate its administration and the need for amendments and related legislation.

Title of Purchaser

Sec. 25. A deed, bill of sale, lease, or other instrument executed by or on behalf of any Government agency purporting to transfer title or any other interest in property under this Act shall be conclusive evidence of compliance with the provisions of this Act, insofar as title or other interest of any bona fide purchasers for value, or lessees, as the case may be, is concerned.

Civil Remedies and Penalties

Sec. 26. (a) Where any property is disposed of in accordance with this Act and any regulations prescribed under this Act, no officer or employee of the Government shall (1) be liable with respect to such disposition except for his own fraud or (2) be accountable for the collection of any purchase price which is determined to be uncollectible by the agency responsible therefor.

(b) Every person who shall use or engage in or cause to be used or engaged in any fraudulent trick, scheme, or device, for the purpose of securing or obtaining, or aiding to secure or obtain, for any person any payment, property, or other benefits from the United States or any Government agency in connection with the disposition of property under this Act; or who enters into an agreement, combination, or conspiracy to do any of the foregoing—

(1) shall pay to the United States the sum of $2,000 for each such act, and double the amount of any damage which the United States may have sustained by reason thereof, together with the cost of suit; or

(2) shall, if the United States shall so elect, pay to the United States, as liquidated damages, a sum equal to twice the consideration agreed to be given by such person to the United States or any Government agency; or

(3) shall, if the United States shall so elect, restore to the United States the property thus secured and obtained and the United States shall retain as liquidated damages any consideration given to the United States or any Government agency for such property.

(c) The several district courts of the United States, the District Court of the United States for the District of Columbia, and the several districts of the Territories of the United States, within whose jurisdictional limits the person, or persons, doing or committing such act, or any one of them, resides or shall be found, shall wheresoever such act may have been done or committed, have full power and jurisdiction to hear, try, and determine such suit.

(d) The civil remedies provided in this section shall be in addition to all other criminal penalties and civil remedies provided by law.

Practice by Former Employees

Sec. 27. No person employed by any Government agency, including commissioned officers assigned to duty in such agency, shall, during the period such person is engaged in such employment or service, or for a period of two years after the time when such employment or service has ceased, act as counsel, attorney, or agent, or be employed as representative, in connection with any matter involving the disposition of surplus property by the agency in which such person was employed, if such person during his employment with such agency ratified, approved, or authorized the disposition of any surplus property pursuant to the provisions of this Act or recommended any such approval, authorization, or ratification as part of his official duties. Any person violating the provisions of this section shall be fined not more than $10,000, or imprisoned for not more than one year, or both.

Statute of Limitations

Sec. 28. The first section of the Act of August 24, 1942 (56 Stat. 747), as amended, is amended to read as follows:

"The running of any existing statute of limitations applicable to any offense against the laws of the United States (1) involving defrauding or attempts to defraud the United States or any agency thereof whether by conspiracy or not, and in any manner, or (2) committed in connection with the negotiation, procurement, award, performance, payment for, interim financing, cancellation or other termination or settlement, of any contract, subcontract, or purchase order which is connected with or related to the prosecution of the present war, or with any disposition of termination inventory by any war contractor or Government agency, or (3) committed in connection with the care and handling and disposal of property under the Surplus Property Act of 1944, shall be suspended until three years after the termination of hostilities in the present war as proclaimed by the President or by a concurrent resolution of the two Houses of Congress. This section shall apply to acts, offenses, or transactions where the existing statute of limitations has not yet fully run, but it shall not apply to acts, offenses, or transactions which are already barred by provisions of existing law."

Miscellaneous Provisions

Sec. 29. Surplus property disposals may be made without regard to any provision in existing law for competitive bidding, unless the Board shall determine that disposal by competitive bid will in a given case better effectuate the policy of the Act.

Disposition of Proceeds

Sec. 30. (a) All proceeds from any transfer or disposition of property under this Act shall be covered into the Treasury as miscellaneous receipts, except as provided in subsections (b), (c), and (d) of this section.

(b) Where the property transferred or disposed of was acquired by the use of funds either not appropriated from the general fund of the Treasury or appropriated from the general fund of the Treasury but by law reimbursable from assessment, tax, or other revenue or receipts, then upon the request of the interested agency the net proceeds of the disposition or transfer shall be credited to the reimbursable fund or appropriation or paid to the owning agency. As used in this subsection the term "net proceeds of the disposition or transfer" means the proceeds of the disposition or transfer minus all expenses incurred for care and handling and disposition or transfer.

(c) To the extent authorized by the Board, any Government agency disposing of property under this Act (1) may deposit, in a special account with the Treasurer of the United States, such amount of the proceeds of such dispositions as it deems necessary to permit appropriate refunds to purchasers when any disposition is rescinded or does not become final, or payments for breach of any warranty, and (2) may withdraw therefrom amounts so to be refunded or paid, without regard to the origin of the funds withdrawn.

(d) Where a contract or subcontract authorizes the proceeds of any sale of property in the custody of the contractor or subcontractor to be credited to the price or cost of the work covered by such contract or subcontract, the proceeds of any such sale shall be credited in accordance with the contract or subcontract.

(e) Where the disposal agency acquires or retains any mortgage, lien, or other interest as security in connection with any transfer or disposition of property under this Act, the disposal agency shall retain, preserve, and manage such security and may enforce and settle any right of the Government with respect thereto in such manner and upon such terms as it deems in the best interest of the Government. The Board may prescribe regulations to govern the exercise of the authority granted under this subsection.

Use of Appropriated Funds

Sec. 31 (a) Any Government agency is authorized to use for the disposition of property under this Act, and for its care and handling pending such disposition, any funds heretofore or hereafter appropriated, allocated, or available to it for the purpose of production or procurement of such property.

(b) Any Government agency is authorized to use for the acquisition of any surplus property under this Act any funds heretofore or hereafter appropriated, allocated, or available to it for the acquisition of property of the same kind.

(c) There are authorized to be appropriated such sums as may be necessary or appropriate for administering the provisions of this Act.

Dispositions Outside United States

Sec. 32 (a) Nothing in this Act shall limit or affect the authority of commanders in active theaters of military operations with respect to property in their control.

(b) The provisions of this Act shall be applicable to dispositions of property within the United States and elsewhere, but the Board may exempt from some or all of the provisions hereof dispositions of property located outside of the continental United States, its Territories and possessions, whenever it deems that such provisions would obstruct the efficient and economic disposition of such property in accordance with the objectives of this Act.

Restrictions on Importation of Surplus Property Into United States

Sec. 33. (a) It is the policy of this Act to prohibit, so far as feasible and necessary to carry out the objectives of this Act, the importation into the United States of surplus property sold abroad or for export. The Board shall prescribe regulations to carry out such policy, and the importation of surplus property into the United States is hereby prohibited to the extent specified in such regulations. The Secretary of the Treasury is authorized and directed to provide for the enforcement of such regulations.

(b) Surplus property sold to members of the armed forces abroad may be brought into the United States without regard to the provisions of subsection (a) if brought in by the original purchaser and upon certificate by him that he is bringing the property into the United States for his personal use.

Saving Provisions

Sec. 34. (a) The authority conferred by this Act is in addition to any authority conferred by any other law and shall not be subject to the provisions of any law inconsistent herewith. This Act shall not impair or affect any authority for the disposition of property under any other law, except that the Board may prescribe regulations to govern any disposition of surplus property under any such authority to the same extent as if the disposition were made under this Act, whenever it deems such action necessary to effectuate the objectives and policies of this Act.

(b) Nothing in this Act shall impair or affect the provisions of the Contract Settlement Act of 1944; the Emergency Price Control Act of 1942, as amended; the Act of October 2, 1942 (ch. 578, 56 Stat. 765), as amended; section 301 of the Second War Powers Act, 1942; the Act of March 11, 1941 (55 Stat. 31), as amended; the Tennessee Valley Authority Act of 1933, as amended; Public Law 849, Seventy-sixth Congress, as amended, respecting war housing and facilities; the Act of June 7, 1939, relating to the acquisition of strategic and critical materials (53 Stat. 811); the Trading With the Enemy Act, as amended; section 43 of the Bankhead-Jones Farm Tenant Act, as amended; Acts supplemental to any of the foregoing; any law regulating the exportation of property from the United States; the internal-revenue laws; the statutes relating to the public lands; or any criminal law of the United States.

(c) Nothing in this Act shall be deemed to impair or modify any contract, or any term or provision of any contract, without the consent of the contractor, if the contract or the term or provision thereof is otherwise valid.

Temporary Applicability of Existing Procedures

Sec. 35. All policies and procedures relating to surplus property prescribed by the Surplus War Property Administration, created by Executive Order Numbered 9425, dated February 19, 1944, or any other Government agency, in effect upon the effective date of this Act, and not inconsistent with this Act, shall remain in full force and effect unless and until superseded by regulations prescribed under this Act.

Termination Inventories

Sec. 36 (a) The Congress recognizes that upon termination of war contracts, the plants of war contractors will be filled with vast termination inventories which until removed or disposed of will prevent or interfere with the resumption of civilian production and reemployment, and that so far as possible decisions should be made in advance of termination for the disposition and removal of such termination inventories without delay when termination occurs. Measures should be taken to realize the greatest possible value from termination inventories.

(b) In advance of termination, to the maximum extent practicable—

(1) each contracting agency shall advise its war contractors of the classes of termination inventory the contracting agency will wish to retain for military purposes; and

(2) the Board shall establish procedures for advising war contractors as to the care and handling and disposition of termination inventory not required for military purposes, in order to effectuate the policies stated in subsection (a) of this section and the policies of section 11 (a) (3) of the Contract Settlement Act of 1944.

(c) To the extent that it is impracticable so to advise war contractors in advance of termination, the contracting agencies and the Board shall be prepared to give such advice as soon as practicable after termination of the war contract.

(d) The Board and the Director of Contract Settlement shall cooperate in carrying out the provisions of this section.

(e) For the purposes of this section, the terms "contracting agency", "termination inventory", and "war contractor" shall have the meanings assigned to such terms by section 3 of the Contract Settlement Act of 1944.

Increase in Loan Rate on Cotton

Sec. 37. (a) Section 8 (a) (1) of the Stabilization Act of 1942, as amended (relating to loans upon certain agricultural commodities), is amended by striking out "at the rate in the case of cotton of 92½ per centum" and inserting in lieu thereof "at the rate in the case of cotton of 95 per centum".

(b) The amendment made by this section shall be applicable only with respect to crops harvested after December 31, 1943, but shall not apply to crops planted after 1944. In the case of loans made under such section 8 upon any of the 1944 crop of cotton before the amendment made by this section takes effect, the Commodity Credit Corporation is authorized and directed to increase or provide for increasing the amount of such loans to the amount of the loans which would have been made if the loan rate specified in the amendment made by this section had been in effect at the time the loans were made.

Expiration Date

Sec. 38. Unless extended by law, this Act shall expire at the end of three years following the date of the cessation of hostilities in the present war. For the purposes of this section the term "date of the cessation of hostilities in the present war" means the date proclaimed by the President as the date of such cessation, or the date specified in a concurrent resolution of the two Houses of Congress as the date of such cessation, whichever is the earlier.

Separability of Provisions

Sec. 39. If any provision of this Act, or the application of such provision to any person or circumstance, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Approved October 3, 1944.

Roosevelt Accepts Four Freedoms Award

Formal presentation to President Roosevelt of the Four Freedoms Award of the Italian-American Labor Council was made at Washington on Oct. 18. The award was accepted by the President in a Columbus Day speech addressed by him by telephone from Washington to the Council at their dinner in New York at the Hotel Commodore, reference to which was made in our issue of Oct. 19, page 1717. In behalf of the President, the Attorney General, Francis Biddle, accepted the award at the dinner.

From Washington advices Oct. 18 to the New York "Times" we take the following:

"Today's presentation, in the President's office, was made by Luigi Antonini, President of the Council, who returned recently from Italy. Others in the delegation calling at the White House were Onorio Ruotolo, New York sculptor, who designed and executed the award; Anthony Esposito and Edoardo Molisani, Vice-Presidents of the Council; John Gelo, Treasurer, and Joseph Procopio, Secretary of that organization; Mrs. Emma Lucci, Mrs. Katie Molinna and Maurice Novick, also representing the Council; Attorney General Biddle, and William Green, President of the American Federation of Labor.

"As one who has just returned from Italy," Mr. Antonini told the President as he presented the award, "I am particularly glad to make this Four Freedoms Award to President Roosevelt. Everything I have seen and heard in Italy has convinced me that America, continuing the policies of President Roosevelt, is the greatest hope for the Italian people and for their return to a place of honor in the family of nations.

"More than ever, the fate of all mankind depends on the readiness and ability of the United Nations to attain the Four Freedoms as conceived and proclaimed by Franklin Delano Roosevelt. Our victory in war will be lasting and meaningful, only to the extent that we achieve these noble ideals in peace."

Houston Heads Bankers Club Of America

Frank K. Houston, President of the Chemical Bank & Trust Co. of New York, has been elected President of the Bankers Club of America, succeeding William Gage Brady, Jr., who was named Chairman of the Executive Committee.

Text Of War Mobilization And Reconversion Act

The War Mobilization and Reconversion Act became a law on Oct. 3, when President Roosevelt (as we noted in our issue of Oct. 5, page 1504) affixed his signature to it. Along with the signing of this bill, the President at the same time signed the measure providing for the disposal of Government surplus property, issuing a statement in each case in which he called attention to what he regarded as certain deficiencies in both and expressing the hope that they would be rectified by Congress. These statements were given in our issue of Oct. 12, page 1612. Reference to the completion of Congressional action on the War Mobilization and Reconversion bill appeared in these columns Sept. 28, page 1374. In that item we quoted from United Press advices which stated that:

"The demobilization bill provides a presidentially-appointed director of reconversion at $15,000 a year with broad powers; coordination of existing retraining and vocational agencies; a revolving Federal fund to guarantee solvency of State unemployment compensation funds, and Federal assistance for a public works program."

The following is the text of the bill as enacted into law:

[PUBLIC LAW 458—
78TH CONGRESS]

[CHAPTER 480—2D SESSION]
[S. 2051]

AN ACT

To Amend the Social Security Act, as amended, to provide a national program for war mobilization and reconversion, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembeld,

TITLE I

Office of War Mobilization and Reconversion

Section 101. (a) There is hereby established the Office of War Mobilization and Reconversion which shall be headed by the Director of War Mobilization and Reconversion (hereinafter called the "Director"). The Director shall be appointed by the President, by and with the advice and consent of the Senate, shall receive compensation at the rate of $15,000 per year, and shall serve for a term of two years.

(b) The following agencies shall be placed within the Office of War Mobilization and Reconversion and shall exercise their functions subject to the general supervision of the Director:

(1) Office of Contract Settlement, created by the Contract Settlement Act of 1944.

(2) Surplus War Property Administration, created by Executive Order Numbered 9425 (if such Administration is in existence after the Office of War Mobilization ceases to exist), and the Surplus Property Board created by the Suprplus Property Act of 1944.

(3) Retraining and Reemployment Administration, created by Executive Order Numbered 9427 (if such Administration is in existence after the Office of War Mobilization ceases to exist), and the Retraining and Reemployment Administration created by title III of this Act.

Nothing in this subsection shall imply any derogation of the powers of the Director under subsection (c) with respect to the agencies placed within his office or with respect to other agencies not specifically placed within his office.

(c) In addition to any powers which the President is authorized to and does delegate to the Director for the purpose of more effectively coordinating the mobilization of the Nation for war, the Director shall, subject to the direction of the President—

(1) formulate or have formulated such plans as are necessary to meet the problems arising out of the transition from war to peace;

(2) issue such orders and regulations to executive agencies as may be necessary to provide for the exercise of their powers in a manner consistent with the plans formulated under this section or to coordinate the activities of executive agencies with respect to the problems arising out of the transition from war to peace. Each executive agency shall carry out the orders and regulations of the Director expeditiously and, to the extent necessary to carry out such orders and regulations, shall modify its operations and procedures and issue regulations with respect thereto. Nothing contained in this section shall be construed as authorizing any activities to carry out any plans formulated under this section which are not within the scope of the powers possessed by the President or the executive agencies under provisions of law other than this section;

(3) recommend to the Congress appropriate legislation providing authority to carry out plans developed under this section but not authorized under existing law;

(4) promote and assist in the development of demobilization and reconversion plans by executive agencies; develop procedures whereby each executive agency is kept informed of proposed demobilization and reconversion plans and proposals which relate to its work and which are being developed or carried out by other executive agencies; and settle controversions between executive agencies in the development and administration of such plans;

(5) cause studies and reports to be made for him by the various executive agencies which will enable him to determine the need for the simplification, consolidation, or elimination of such executive agencies as have been established for the purposes of the war emergency, for the termination, or establishment by statute, of executive agencies which exist under Executive order only, and for the relaxation or removal of emergency war controls;

(6) institute a specific study, for submission to the President and the Congress, of the present functions of the various executive agencies in the field of manpower, and develop a program for reorganizing and consolidating such agencies to the fullest extent practicable;

(7) consult and cooperate with State and local governments, industry, labor, agriculture, and other groups, both national and local, concerning the problems arising out of the transition from war to peace; and

(8) submit reports to the President, the Senate, and the House of Representatives on the 1st days of January, April, July, and October, on the activities undertaken or contemplated by him under this Act. Such reports shall summarize and appraise the activities of the various executive agencies in the field of demobilization and postwar adjustment, and may include such legislative proposals as he may deem necessary or desirable.

(d) The Director shall, within the limits of funds which may be made available, employ and fix the compensation of such Deputy Directors and other officers and employees, and may make such expenditures for supplies, facilities, and service, as may be necessary to carry out his functions. All such officers and employees shall be appointed in accordance with the civil-service laws and their compensation fixed in accordance with the Classification Act of 1923, as amended, except that Deputy Directors and expert administrative, technical, and professional personnel may be employed and their compensation fixed without regard to such laws. To the fullest extent practicable, the Director shall perform the duties imposed upon him through the facilities and personnel of other executive agencies; and for that purpose only he is authorized to delegate to the appropriate agencies and provide for the redelegation of the powers and duties vested in him, except the power to issue orders and regulations to other executive agencies. The Director may require such reports and information from executive agencies as he deems necessary to enable him to carry out his functions under this Act, and each executive agency shall furnish any information and reports so required.

Sec. 102. (a) There is hereby created an advisory board, which shall consist of 12 members who shall be appointed by the President by and with the advice and consent of the Senate. All of the members of the Board shall represent the general public and the public interest, but in order that the Board may have the benefit of experience in the matters with which it will deal under this Act, three members of the Board shall have had experience in business management, three members shall have had experience in matters relating to labor, and three members shall have had experience in agriculture. The President shall designate one of the remaining three members as chairman of the Board.

(b) It shall be the general function of the Board to advise with the Director with respect to war mobilization and reconversion and make to him such recommendations relating to legislation, policies, and procedures as it may deem necessary.

(c) Members of the Board shall receive a per diem allowance of $25 for each day spent in actual meetings of the Board or at conferences held upon the call of the Director, plus necessary traveling and other expenses incurred while so engaged.

TITLE II

Demobilization and Reconversion Policies

Sec. 201. The War and Navy Departments shall not retain persons in the armed forces for the purpose of preventing unemployment or awaiting opportunities for employment.

Sec. 202. Any contracting agency shall terminate prime contracts for war production whenever in the opinion of the agency the performance under such contracts will not be needed for the prosecution of the war, and shall not continue performance under such contracts merely for the purpose of providing business and employment, or for any purposes other than the prosecution of the war, unless the Office of War Mobilization and Reconversion finds that the continuation of some or all of the work in process under any such contract will benefit the Government or is necessary to avoid substantial physical injury to a plant or property.

Sec. 203. Curtailments of war production or terminations of war contracts shall be integrated and synchronized with the expansion, resumption, or initiation of production for other war purposes, and, to the greatest extent compatible with the effective prosecution of the war, of production for nonwar use. To effectuate this policy—

(a) the contracting agencies shall continuously survey their product and material requirements and report to the Director, in such form and detail as he may determine, on current and anticipated changes in requirements and on all anticipated curtailments of war production or terminations of war contracts;

(b) the executive agencies exercising control over manpower, production, or materials shall permit the expansion, resumption, or initiation of production for nonwar use whenever such production does not require materials, components, facilities, or labor needed for war purposes, or will not otherwise adversely affect or interfere with the production for war purposes. Such production for nonwar use shall be permitted regardless of whether one or more competitors normally engaged in the same type of production are still engaged in the performance under any contract which is needed for the prosecution of the war, and shall not be made dependent upon the existence of a concern or the functioning of a concern in a given field of activity at a given time;

(c) the Director shall—

(1) establish policies to be followed by the contracting agencies in selecting individual contracts or classes of contracts for curtailment, nonrenewal, or termination;

(2) establish policies providing for full and prompt consultation between the executive agencies, war contractors, and the representatives of the emoplyees of war contractors with regard to obtaining the most effective use in other war production or in production for nonwar use of facilities and manpower to be released through anticipated curtailments in war production or terminations of war contracts.

Sec. 20. (a) Whenever the expansion, resumption, or initiation of production for nonwar use is authorized, on a restricted basis, by any executive agency having control over manpower, production, or materials, the restrictions imposed shall not be such as to prevent any small plant capable and desirous of participating in such expansion, resumption, or initiation of production for nonwar use from so participating in such production.

(b) Whenever such executive agency allocates available materials for the production of any item or group of items for nonwar use, it shall make available a percentage of such materials for the exclusive use by small plants for the production of such item or group of items. Such percentage shall be determined by the head of such agency after giving full consideration to the claims presented by the chairman of the board of directors of the Smaller War Plants Corporation and shall be fair and equitable.

(c) In allocating the materials thus set aside among such small plants, such executive agency shall establish criteria, standards, quotas, schedules, or other conditioning factors after consultation with the chairman of the board of directors of the Smaller War Plants Corporation. Such executive agency shall allocate such materials directly to such small plants and shall, to the fullest extent practicable, provide for making such allocations through local offices easily accessible to such small plants. For the purposes of this title, a small plant means any small business concern engaged primarily in production or manufacturing either employing 250 wage earners or less, or coming within such other categories as may be established by the head of such executive agency in consultation with the chairman of the board of directors of the Smaller War Plants Corporation. Such other categories shall be defined by taking into consideration the comparative sizes of establishments in a particular industry as reflected by sales volumes, quantities of materials consumed, capital investments, or by other criteria which are reasonably attributable to small plants rather than medium or large size plants.

Sec. 205. The Attorney General is directed to make surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies injure, small business, or otherwise promote undue concentration of economic power in the course of war mobilization and during the period of transition from war to peace and thereafter. The Attorney General shall submit to the Congress within 90 days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including recommendations for such legislation as he may deem necessary or desirable.

TITLE III

Retraining and Reemployment

Sec. 301. There is hereby established a Retraining and Reemployment Administration (hereinafter referred to as the "Administration"), the functions of which, subject to the general supervision of the Director of War Mobilization and Reconversion, shall be exercised by a Retraining and Reemployment Administrator (hereinafter in this title referred to as the "Administrator"), to be appointed by the President, by and with the advice and consent of the Senate, and to receive a salary at the rate of $12,000 per annum. The same person may serve as Administrator and as Administrator of Veterans' Affairs, but in such case he shall receive only the salary provided by this section.

Sec. 302. It shall be the function of the Administration—

(a) to have general supervision and direction of the activities of all existing executive agencies (except the Veterans' Administration and the Administrator of Veterans' Affairs) authorized by law relating to retraining, reemployment, vocational education, and vocational rehabilitation for the purpose of coordinating such activities and eliminating overlapping functions of such agencies. To the extent necessary to achieve such purposes the Administrator shall have power to issue regulations in connection with the work of such executive agencies, but nothing in this title shall be deemed to confer any power or authority upon any such agency or authorize any activities by any such agency not authorized by provisions of law other than this title, or to extend any existing power beyond the date upon which it would otherwise expire; and

(b) to confer with existing State and local agencies and officials in charge of existing programs relating to retraining, reeemployment, vocational education, and vocational rehabilitation for the purpose of coordinating the activities of existing Federal agencies with the activities of such State and local agencies.

Sec. 303. The Administrator shall, within the limits of funds which may be made available, employ and fix the compensation of such Assistant Administrators and other officers and employees, and may make such expenditures for supplies, facilities, and services as may be necessary to carry out his functions and the functions of the Administration. All such officers and employees shall be appointed in accordance with the civil-service laws and their compensation fixed in accordance with the Classification Act of 1923, as amended, except that Assistant Administrators and expert administrative, technical, and professional personnel may be employed and their compensation fixed without regard to such laws. To the fullest extent practicable, the Administrator shall perform the duties imposed upon him through the facilities and personnel of other executive agencies.

TITLE IV

Advances to State Unemployment Funds

Sec. 401. (a) Section 904 (a) of the Social Security Act, as amended, is further amended by inserting, immediately before the period at the end of the second sentence of the subsection, a comma and the following: "or deposited pursuant to appropriations to the Federal unemployment account."

(b) Section 904 (e) of the Social Security Act, as amended, is further amended by inserting, after the words "a separate book account for each State agency" a comma and the following: "the Federal unemployment account,".

(c) Section 904 of the Social Security Act, as amended, is further amended by adding, at the end of the section, the following new subsections:

"(g) The Secretary of the Treasury is authorized and directed, prior to audit or settlement by the General Accounting Office, to make transfers from the Federal unemployment account to the account of any State in the Unemployment Trust Fund in accordance with certification made by the Board pursuant to section 1201, not exceeding the amount on deposit in the Federal unemployment account at the time of such transfer.

"(h) There is hereby established in the Unemployment Trust Fund a Federal unemployment account. There is hereby authorized to be appropriated to such Federal unemployment account a sum equal to the excess of taxes collected prior to July 1, 1943, under title IX of this Act and under the Federal Unemployment Tax Act, over the total unemployment administrative expenditures made prior to July 1, 1943; and there is hereby authorized to be appropriated to such account for the fiscal year 1945 and for each fiscal year thereafter (1) a sum equal to any excess of taxes collected in the preceding fiscal year under the Federal Unemployment Tax Act over the unemployment administrative expenditures made in such year, and (2) such further sums, if any, as may be necessary to carry out the purposes of title XII. Any amounts in the Federal unemployment account on October 1, 1947, and any amounts repaid to such account after such date, shall be covered into the general fund of the Treasury. As used in this subsection, the term 'unemployment administrative expenditures' means expenditures for grants under title III of this Act, for the administration of that title by the Board, and for the administration of title IX of this Act and of the Federal Unemployment Tax Act by the Department of the Treasury and the Board. For the purposes of this subsection there shall be deducted from the total amount of taxes collected prior to July 1, 1943, under title IX of this Act, the sum of $40,561,886.43 which was authorized to be appropriated by the Act of August 24, 1937 (50 Stat. 754)."

Sec. 402. The Social Security Act, as amended, is further amended by adding at the end thereof the following new title:

"TITLE XII

"Advances to State Unemployment Funds

"Sec. 1201. (a) In the event that the balance in a State's account in the Unemployment Trust Fund on June 30, 1945, or on the last day in any ensuing calendar quarter which ends prior to July 1, 1947, does not exceed a sum equal to the total contributions deposited in the Unemployment Trust Fund under the unemployment compensation law of the State during that one of the two calendar years next preceding such day in which such deposits were higher, the State shall be entitled, subject to the provisions of subsections (b) and (c) hereof, to have transferred from the Federal unemployment account to its account in the Unemployment Trust Fund an amount equal to the amount by which the unemployment compensation paid out by it in the calendar quarter ending on such day exceed 2.7% of the total remuneration which was paid during such quarter and was subject to the State unemployment compensation law.

"(b) The Social Security Board is authorized and directed, on application of a State unemployment compensation agency, to make findings as to whether the conditions for the transfer of moneys provided for in subsection (a) hereof have been met; and if such conditions exist, the Board is directed to certify, to the Secretary of the Treasury, from time to time, the amounts for transfer in order to carry out the purposes of this title, reduced or increased, as the case may be, by any sum by which the Board finds that the amounts transferred for any prior quarter were greater or less than the amounts to which the State was entitled for such quarter. The application of a State agency shall be made on such forms, and contain such information and data, fiscal and otherwise, concerning the operation and administration of the State law, as the Board deems necessary or relevant to the performance of its duties hereunder.

"(c) Any amount transferred to the account of any State under this section shall be treated as an advance, without interest, to the unemployment fund of such State and shall be repaid to the Federal unemployment account from the unemployment fund of that State to the extent that the balance in the State's account in the Unemployment Trust Fund, at the end of any calendar quarter, exceeds a sum equal to the total contributions deposited in the Unemployment Trust Fund under the unemployment compensation law of the State during that one of the two calendar years next preceding such day in which such deposits were higher. The Secretary of the Treasury shall, after the end of each calendar quarter, transfer from the unemployment account of each State in the Unemployment Trust Fund to the Federal unemployment account the amount required to be repaid from the unemployment fund of such State at the end of such quarter under this subsection."

TITLE V

Public Works

Sec. 501. (a) In order to encourage States and other non-Federal public agencies to make advance provision for the construction of public works (not including housing), the Federal Works Administrator is hereby authorized to make, from funds appropriated for that purpose, loans or advances to the States and their agencies and political subdivisions (hereinafter referred to as "public agencies") to aid in financing the cost of architectural, engineering, and economic investigations and studies, surveys, designs, plans, working drawings, specifications, procedures, and other action preliminary to the construction of such public works: *Provided*, That the making of loans or advances hereunder shall not in any way commit the Congress to appropriate funds to undertake any projects so planned.

(b) Funds appropriated for the making of loans or advances hereunder shall be allotted by the Federal Works Administrator among the several States in the following proportion; 90% in the proportion which the population of each State bears to the total population of all the States, as shown by the latest available Federal census, and 10% according to his discretion: *Provided*, That the allotments to any State shall aggregate not less than one-half of 1% of the total funds available for allotment hereunder; *Provided further*, That no loans or advances shall be made with respect to any individual project unless it conforms to an over-all State, local, or regional plan approved by competent State, local, or regional authority.

(c) Advances under this section to any public agency shall be repaid by such agency if and when the construction of the public works so planned is undertaken. Any sums so repaid shall be covered into the Treasury as miscellaneous receipts.

(d) The Federal Works Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.

(e) As used in this section, the term "State" shall include the District of Columbia, Alaska, Hawaii, and Puerto Rico.

TITLE VI

Miscellaneous Provisions

Sec. 601. When used in this Act —

(a) The term "executive agency" means any department, independent establishment, or agency in the executive branch of the Government, including any corporation wholly owned by the United States.

(b) The term "contracting agency" means any Government agency which has been or hereafter may be authorized to make contracts pursuant to section 201 of the First War Powers Act, 1941, and includes the Reconstruction Finance Corporation and any corporation organized pursuant to the Reconstruction Finance Corporation Act (47 Stat. 5), as amended, and the Smaller War Plants Corporation.

Sec. 602. There are authorized to be appropriated such sums as may be necessary or appropriate to carry out the purposes and provisions of this Act.

Sec. 603. The provisions of this Act shall terminate on June 30, 1947.

Sec. 604. If any provision of this Act, or the application of such provision to any person or circumstance, is held invalid, the remainder of this Act or the application of such provision to persons or circumstances, other than those as to which it is held invalid, shall not be affected thereby.

Sec. 605. (a) When the Director first appointed under section 101 has taken office, the Office of War Mobilization established by Executive Order Numbered 9347, dated May 27, 1943, not including the Surplus War Property Administration or the Retraining and Reemployment Administration, shall cease to exist; and such records and property of the Office of War Mobilization, and such unexpended balances of appropriations or other funds available for its use, as the President shall determine, shall be transferred to the Office of War Mobilization and Reconversion.

(b) When a majority of the Surplus Property Board first appointed under the Surplus Property Act of 1944 have taken office, the Surplus War Property Administration created by Executive Order Numbered 9425 shall cease to exist; and such records and office equipment of the Surplus War Property Administration, and such unexpended balances of appropriations or other funds available for its use, as the President shall determine, shall be transferred to the Surplus Property Board.

(c) When the Retraining and Reemployment Administrator first appointed under section 301 has taken office, the Retraining and Reemployment Administration created by Executive Order Numbered 9427, shall cease to exist; and such records and property of the Administration created by such Executive order, and such unexpended balances of appropriations or other funds available for its use, as the President shall determine, shall be transferred to the Retraining and Reemployment Administration established by this Act.

Sec. 606. All orders, policies, procedures, or directives prescribed by the Director of War Mobilization, in effect upon the effective date of this Act, and not inconsistent with this Act, shall remain in full force and effect unless and until superseded by the Director in accordance with this Act, or by operation of law.

Sec. 607. This Act may be cited as the "War Mobilization and Reconversion Act of 1944."

Approved October 3, 1944.

Gaylord Advises Against Wage Increase Now In Testifying Before WLB

Neither a general wage increase nor a general price increase would be in the public interest now, according to Robert M. Gaylord, President of the National Association of Manufacturers, who on Oct. 2 called upon the National War Labor Board to "be fair to those who fight as well as those who work for victory" by standing firm on the Little Steel wage formula. Mr. Gaylord appeared as an industry spokesman at hearings conducted by the Board on labor's demands that the Little Steel formula be scrapped. Eric A. Johnston, President of the Chamber of Commerce of the United States, also testified at the hearing on the same day. Mr. Gaylord declared that "it is unfortunate that a decision on this issue has been postponed until this time when circumstances make it a political football." In Associated Press advices from Washington he was also reported as expressing his views as follows:

Contending that only 25% of the nation's workers would benefit by relaxation of wage controls, Mr. Gaylord said all workers would have to pay the bill.

Businessmen, he said, fall into two groups: Those who could pay higher wages out of excess profits and those who could remain in business only by adding the pay increases to their selling prices.

In the case of the first group, he asserted, "so long as excess profits taxes are set at 95% the Treasury, not the employer, will then take the loss of virtually all reduction in business profits resulting from higher wages."

On the second class "either prices will have to be increased or else these companies will go out of business and their workers will join the unemployed."

Quoting President Roosevelt as saying in his "hold the line" order of April 23, 1943, that "the only way to hold the line is to stop trying to find justification for not holding it here or not holding it there," Mr. Gaylord declared:

"There are many in industry and elsewhere who believe this hearing is called for the primary purpose of finding the very justification that the President warned against."

At the same hearing before the Labor Board Eric A. Johnston, President of the Chamber of Commerce of the United States, also presented a statement on wage stabilization, reference to which appeared in our issue of Oct. 19, page 1716.

End American-British Middle East Supply Agency

The formal termination on Oct. 1, 1944, of the Combined Agency for Middle East Supplies, which was established by and operated under the jurisdiction of American and British authorities in Washington, was announced jointly today by the Department of State, the Foreign Economic Administration and the British Supply Council. The licensing of exports and issuance of shipping documents for Middle Eastern destinations, formerly exercised by the Combined Agency, were assumed as of Oct. 1 by the Foreign Economic Administration.

The Combined Agency for Middle East Supplies was established in October, 1943, to administer the Programme License for the Middle East, which was issued on Oct. 1, 1943, by the Foreign Economic Administration. Its Washington office was principally concerned with the granting of release certificates under the Programme License, while its New York office, located at 43 Exchange Place, was responsible for the issuance of shipping authorizations covering shipments to the Middle East. The Combined Agency was staffed with both American and British personnel, and conducted its operations under the jurisdiction of American and British authorities in Washington in the implementation of decisions of the Middle East Supply Centre insofar as they related to shipments from the United States.

As of Sept. 30, 1944, the Programme License for the Middle East was revoked by FEA and the responsibility of the Combined Agency, so far as export licensing procedure was concerned, reverted to the Foreign Economic Administration. Export licenses for Middle East destinations have been issued since Oct. 1, 1944, by FEA, and applications should be filed with the FEA Requiremnts and Supply Branch, Washington, D. C. The Middle East Division, FEA Bureau of Areas, will occupy offices formerly used by the Combined Agency, in the Hill Building, 839 17th Street, N. W., Washington, D. C., and it has been agreed by the appropriate American-British authorities that for the sake of uniformity of procedure the New York office of the Combined Agency should be transferred to and its functions assumed by the New York office of FEA, 61 Broadway.

It was emphasized that the change was of routine importance only and that the elimination of the Combined Agency would have no effect on existing controls over imports into Middle Eastern countries, or on the basic arrangement for joint Anglo-American administration of the Middle East supply program.

Export licenses and shipping authorizations will be granted as before only after a valid import license has been secured in the Middle East country of destination and approved by the Middle East Supply Centre, an Anglo-American Agency in Cairo whose American membership is provided by both the Department of State and the Foreign Economic Administration.

The principal American representative in the Middle East Supply Centre is James M. Landis, American Director of Economic Operations in the Middle East, who has recently left for Cairo after several weeks of consultation in Washington.

FDR, With Landing Of American Troops In Philippines, Says We Will Teach Japan Lesson

With the landing of American troops in the Philippines, under Gen. MacArthur, President Roosevelt in a statement issued on Oct. 20 declared that our landing on the Island of Leyte in the Philippines was "to redeem the pledge we made over two years ago when the last American troops surrendered on Corregidor." "We promised to return," said the President, "we have returned." The President further said: "We pledged to the people of the Philippines that their freedom would be redeemed and that their independence would be established and protected. We are fulfilling that pledge now. When we have finished the job of driving the Japs from the Islands, the Philippines will be a free and independent republic."

He likewise stated that "Leyte is only a way station on the road to Japan. It is 700 miles from Formosa. It is 850 miles from China. We are astride the lifeline of the warlords' empire, we are severing that lifeline." Adding that "we are going to teach Japan her lesson," President Roosevelt, in conclusion, said:

"We shall free the enslaved peoples. We shall restore stolen lands and looted wealth to their rightful owners. We shall strangle the black dragon of Japanese militarism forever." At his press conference on Oct. 20, the President, reading from a message from Gen. MacArthur, told those at the conference that operations were making "splendid progress" with landing losses "extremely light" and the enemy caught strategically off guard by the assault on Leyte Island. Associated Press advices from Washington from which we quote, gave as follows Gen. MacArthur's message, addressed to Gen. George C. Marshall, Army Chief of Staff:

"There were extremely light losses and all landings were made on schedule. The enemy was caught strategically unaware and there was splendid progress of operation in every respect. The enemy anticipated an attack more to the south. His Mindanao forces are no longer an immediate factor and are practically cut off."

President Roosevelt's statement of Oct. 20, as given in Associated Press advices from Washington and published in the New York "Herald Tribune" follows:

This morning American troops landed on the Island of Leyte in the Philippines. The invasion forces, under the command of Gen. Douglas MacArthur, are supported by the greatest concentration of naval and air power ever massed in the Pacific Ocean.

We have landed in the Philippines to redeem the pledge we made over two years ago when the last American troops surrendered on Corregidor after five months and 28 days of bitter resistance against overwhelming enemy strength.

We promised to return, we have returned.

In my last message to Gen. Wainwright, sent on the fifth of May, 1942, just before he was captured, I told him that the gallant struggle of his comrades had inspired every soldier, sailor and marine and all the workers in our shipyards and munitions plants. I said that he and his devoted followers had become the living symbol of our war aims and the guaranty of our victory.

That was true in 1942. It is still true in 1944.

We have never forgotten the courage of our men at Bataan and Corregidor. Their example inspired every American in the stern days of Guadalcanal, Tarawa, Salerno and Normandy. And in every campaign — on battle front or home front—we remember those men and their memory spurs us to greater effort.

Nowhere has the desire to avenge their comrades been stronger than among the forces of the Southwest Pacific. Leyte is another rung in the long ladder Gen. MacArthur's men have been climbing for two years.

Starting on the underside of New Guinea in the autumn of 1942, when Australia herself was in danger, pushing over the Owen Stanley Mountains, burning and blasting the Japanese out of Buna and Gona, digging them out of Wewak, starving them at Hollandia—the advance has been a slow, tough struggle by our jungle fighters.

Now they have reached Leyte.

In the six years before the war broke out, the Philippine Government acting in harmonious accord with the United States, made great strides towards complete establishment of her sovereignty. The United States promised to help build a new nation in the Pacific, a nation whose ideals, like our own, were liberty and equality and the democratic way of life—a nation which in a very short time would join the friendly family of nations on equal terms.

We were keeping that promise. When the war came and our work was wrecked, we pledged to the people of the Philippines that their freedom would be redeemed and that their independence would be established and protected. We are fulfilling that pledge now. When we have finished the job of driving the Japs from the islands, the Philippines will be a free and independent republic.

There never was a doubt that the people of the Philippines were worthy of their independence. There will never be a doubt.

The Filipinos have defended their homeland with fortitude and gallantry. We confidently expect to see them liberated with courage and audacity.

Under the leadership of President Manuel Quezon whose death came on the eve of his country's liberation, and now under the leadership of their President Sergio Osmena, the Filipinos have carried on, and are carrying on with gallantry—even in the midst of the enemy.

We are glad to be back in the Philippines but we do not intend to stop there.

Leyte is only a way station on the road to Japan. It is 700 miles from Formosa. It is 850 miles from China. We are astride the lifeline of the warlords' empire, we are severing that lifeline. Our bombers, our ships and our submarines are cutting off the ill-gotten conquests from the homeland. From our new base we shall quicken the assault. Our attacks of the last week have been destructive and decisive, but now we shall strike even more devastating blows at Japan. We have learned our lesson about Japan. We trusted her, and treated her with the decency due a civilized neighbor. We were foully betrayed. The price of the lesson was high.

Now we are going to teach Japan her lesson.

We have the will and the power to teach her the cost of treachery and deceit, and the cost of stealing from her neighbors. With our steadfast Allies, we shall teach this lesson so that Japan will never forget it.

We shall free the enslaved peoples. We shall restore stolen lands and looted wealth to their rightful owners. We shall strangle the black dragon of Japanese militarism forever.

Newspaper Advertising Stressed In Talks At Farm Credit School

Newspaper advertising as a means of merchandising agricultural bank credit was emphasized by Secretary Albert L. Muench of the New York State Bankers Association, in a panel discussion before delegates to the Association's annual Farm Credit School at Syracuse, N. Y., on Oct. 17. "There are now a dozen different kinds of businesses and at least 14 Government agencies providing credit and other banking services," Mr. Muench said. "Many of these businesses and agencies are going after business in an aggressive manner. Banks are meeting this competition with up-to-date selling and advertising methods. They are abandoning 'tombstone' ads in favor of planned campaigns that show what banking can do for Mr. Average to make his business safe and profitable and to help him avoid financial pitfalls."

Mr. Muench cited several New York county bankers associations that are using full-page ads to explain bank credit and bank services to farmers. "This type of advertising," he pointed out, "does not sell individual bank services. It does, however, set up the right surroundings for successful individual new business campaigns."

Mr. Muench was the final speaker at the annual short course in agricultural banking and finance conducted by the New York State Bankers Association in cooperation with the New York State College of Agriculture. Three hundred bank officers and employees, representing 225 up-State country banks and their city correspondent banks participated.

On Oct. 16 the statement that the objective of every agricultural banker should be to help increase the earnings of the farm business, was made by C. W. Thomas, Assistant Treasurer of the Tompkins County Trust Co. of Trumansburg at the annual Farm Credit School.

"Last year," Mr. Thomas pointed out, "New York State banks advanced $34,000,000 of credit to 46,606 New York State farm families. In addition, the banks completed 29,390 separate projects designed to help farmers." He went on to say:

"Banks in an increasing number are realizing that farmers need all the services banking has to offer and that it is their responsibility to make those services readily available.

"Farm credit lines must be planned soundly and securely so that we will be able to see our farmers through whatever downward trend the business cycle might take. If a bank really wants farm business, it can get it and keep it by rendering good service without standoffishness and with a minimum of red tape."

Mr. Thomas spoke as a member of a panel on country bank operations. The other speakers were: S. M. Vaughan, Manager, Farm Loan Service, National Bank of Auburn, Auburn; Nicholas A. Jamba, Assistant Vice-President, National Bank and Trust Co., Norwich, and Lester D. Hays, Cashier, First National Bank, Sidney.

The duty of bank officers and other lenders to check the "back-to-the-land" movement growing up among industrial workers and war veterans, was stressed by Dr. Van B. Hart, Extension Professor in Farm Management, at Cornell University, Ithaca, at the session on Oct. 17.

"Hundreds of thousands of war workers and servicemen are thinking about buying a farm," Professor Hart said. "Few will have sufficient capital to buy a good farm and few have the required farming background. Unless these 'back-to-the-landers' are carefully and expertly guided, they will make many mistakes that will be costly to themselves, to the Government, and to the business and professional people of their communities as well."

Farm equipment sales totalling close to one billion dollars during the first year after victory over Germany were forecast by J. L. Jones, Assistant Manager of the J. I. Case Co., Syracuse, in an address on Oct. 16 before the Farm Credit School. Mr. Jones discounted predictions of electronically operated tractors, futuristic manure spreaders and streamlined farm equipment in general. "No startling changes in design are anticipated in the implement and farm machinery industry," he declared. "There will be constant improvements, but for the most part these improvements will be in the form of refinements on present models, with the accent on labor-saving features. The fact is that plowing, planting and harvesting are prosaic tasks and do not lend themselves to revolutionary changes.

"In normal times about 4% of cash farm income is spent for equipment. On the basis of the 1944 income, that means that New York State farmers will spend at least $22,000,000 for equipment when it is again available in amounts to meet their needs. National sales will be at least $800,000,000 and probably a great deal more because the demand has been intensified by wartime shortages."

Appeal To People Of The Philippines By Gen. MacArthur And President Osmena

An appeal to the people of the Philippines to "rally to me" was made by Gen. Douglas MacArthur in a message to them broadcast over the "Voice of Freedom" on Oct. 20 when he landed his forces at Leyte Island in the Philippines. His broadcast, as reported by the Office of War Information, is taken as follows from the New York "Sun":

"This is the voice of freedom, Gen. MacArthur speaking:

"People of the Philippines: I have returned. By the grace of Almighty God our forces stand again on Philippine soil—soil consecrated in the blood of our two peoples. We have come, dedicated and committed, to the task of destroying every vestige of enemy control over your daily lives, and of restoring, upon a foundation of indestructible strength, the liberties of your people.

"At my side is your President, Sergio Osmena, worthy successor of that great patriot, Manuel Quezon, with members of his Cabinet. The seat of your Government is now therefore firmly reestablished on Philippine soil.

"The hour of your redemption is here. Your patriots have demonstrated an unswerving and resolute devotion to the principles of freedom that challenges the best that is written on the pages of human history. I now call upon your supreme effort that the enemy may know from the temper of an aroused and outraged people within that he has a force there to contend with no less violent than is the force committed from without.

"Rally to me. Let the indomitable spirit of Bataan and Corregidor lead on. As the lines of battle roll forward to bring you within the zone of operations, rise and strike! Strike at every favorable opportunity. For your homes and hearts, strike! For future generations of your sons and daughters, strike. In the name of your sacred dead, strike! No heart be faint. Let every arm be steeled. The guidance of Divine God points the way. Follow in His name to the Holy Grail of righteous victory."

The following proclamation was issued on Oct. 23 by Gen. MacArthur, according to Associated Press advices from the Philippine Islands, as reported in the New York "Herald Tribune":

To the people of the Philippines —whereas the military forces under my command have landed on Philippine soil as a prelude to the liberation of the entire territory of the Philippines, and whereas the seat of the government of the Commonwealth of the Philippines has been reestablished in the Philippines under President Sergio Osmena and the members of his Cabinet, and whereas under enemy duress a so-called government styled as the Republic of the Philippines was established on Oct. 14, 1943, based upon neither the free expression of the peoples' will nor the sanction of the Government of the United States and is purporting to exercise executive, judicial and legislative powers of government over the people;

Now therefore, I, Douglas MacArthur, General of the United States Army and Commander in Chief of the military forces committed to the liberation of the Philippines, do hereby proclaim and declare:

1. That the Government of the Commonwealth of the Philippines is, subject to the supreme authority of the Government of the United States, the sole and only government having legal and valid jurisdiction over people in areas of the Philippines free of enemy occupation and control.

2. That the laws now existing on the statute books of the Commonwealth of the Philippines and the regulations promulgated pursuant thereto are in full force and effect, and legally binding upon the peoples of the areas of the Philippines free of enemy occupation and control.

3. All laws, regulations and processes of any other government in the Philippines than that of the Commonwealth are null and void, and without legal effect in areas of the Philippines free of enemy occupation and control, and I do hereby announce my purpose progressively to restore and extend to the people of the Philippines the sacred right of government by constitutional process under the regularly constituted Commonwealth government as rapidly as the several occupied areas are liberated, and the military situation will otherwise permit, and I do enjoin upon all loyal citizens of the Philippines full respect for and obedience to the Commonwealth of the Philippines and the laws and regulations and other acts of the duly constituted government whose seat now firmly is reestablished on Philippine soil.

DOUGLAS MacARTHUR,
General, United States Army,
Commander in Chief.

President Sergio Osmena of the Philippines, also (on Oct. 21), issued a call to all Filipinos to rise up and fight the Japanese invaders whenever the tide of battle reached their town or village.

September Alloy Steel Production Falls Off

Production of alloy steels during September totaled 840,575 tons, about 12% of total steel production during that month, according to the American Iron and Steel Institute. In August 874,716 tons of alloy steel were produced, while in September a year ago output totaled 1,023,911 tons.

In the first nine months of 1944 alloy steel production amounted to 8.038.394 tons, compared with 10,443,507 tons in the corresponding period of 1943.

Open hearth furnaces produced 557,537 tons of alloy steel in September. The remaining 283.008 tons of alloy steel production came chiefly from electric furnaces.

Electric Output For Week Ended Oct. 21, 1944 Again Lower Than In Same Week In 1943

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 21, 1944 was approximately 4,345,352,000 kwh., compared with 4,415,405,000 kwh. in the corresponding week a year ago, a falling off of 1.6%. The output for the week ended Oct. 14, 1944, was 0.6% below that in the similar period in 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Oct. 21	Oct. 14	Oct. 7	Sept. 30
New England	0.1	1.0	0.5	*0.3
Middle Atlantic	*5.6	*5.0	*3.4	*4.9
Central Industrial	*0.5	1.6	2.8	2.3
West Central	3.4	5.4	7.9	4.6
Southern States	2.6	3.5	5.7	5.7
Rocky Mountain	*11.8	*12.6	*10.3	*10.2
Pacific Coast	*0.5	*2.0	*4.2	*1.4
Total United States	*1.6	*0.6	0.8	0.2

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
July 1	4,327,359	4,110,793	+ 5.3	3,424,188	1,341,730	1,592,075
July 8	3,940,854	3,919,398	+ 0.5	3,428,916	1,415,704	1,711,625
July 15	4,377,152	4,184,143	+ 4.6	3,565,367	1,433,903	1,727,225
July 22	4,380,930	4,196,357	+ 4.4	3,625,645	1,440,386	1,732,031
July 29	4,390,762	4,226,705	+ 3.9	3,649,146	1,426,986	1,724,728
Aug. 5	4,399,433	4,240,638	+ 3.7	3,637,070	1,415,122	1,729,667
Aug. 12	4,415,368	4,287,827	+ 3.0	3,654,795	1,431,910	1,733,110
Aug. 19	4,451,076	4,264,824	+ 4.4	3,673,717	1,436,440	1,750,056
Aug. 26	4,418,298	4,322,195	+ 2.2	3,639,961	1,464,700	1,761,594
Sept. 2	4,414,735	4,350,511	+ 1.5	3,672,921	1,423,977	1,674,588
Sept. 9	4,227,900	4,229,262	— 0.0	3,583,408	1,476,442	1,806,259
Sept. 16	4,394,839	4,358,512	+ 0.8	3,756,922	1,490,863	1,792,131
Sept. 23	4,377,339	4,359,610	+ 0.4	3,720,254	1,499,459	1,777,854
Sept. 30	4,365,907	4,359,003	+ 0.2	3,682,794	1,505,219	1,819,276
Oct. 7	4,375,079	4,341,754	+ 0.8	3,702,299	1,507,503	1,806,403
Oct. 14	4,354,575	4,382,260	— 0.6	3,717,360	1,528,145	1,798,633
Oct. 21	4,345,352	4,415,405*	— 1.6	*3,752,571	*1,533,028	*1,824,160
*Oct. 28		*4,452,592		3,774,891	1,525,410	1,815,749
Nov. 4		4,413,863		3,761,961	1,520,730	1,798,164

*Corrected figures.

Steel Operations At 96.3% Of Capacity—War Goods Output Still High—Backlogs Reduced

"While the volume of new steel orders has fluctuated sharply in the past few weeks, the trend is still definitely downward," "The Iron Age" states in its issue of today (Oct. 26), further adding in part as follows: "Decreases, however, are not marked and the decline is levelling off on an orderly basis. Production directives of the War Production Board also tend to be on a downward slant. One mill whose bookings have been consistently ahead of shipments reports that shipments are now about evenly balanced with new orders.

"The slow decline in order volume coupled with a relatively high steel ingot rate was again enabling most mills to make satisfactory headway in reducing certain backlogs. This is especially true with respect to sheet business. A few months ago sheets had to give way to plate output, but one large sheet producer this week indicated that its production directive on sheets, if put on the yearly basis would match its best pre-war year's sheet output.

"Even thought the same pressure for steel deliveries which existed a few months ago is not now present, actual output of steel for war goods continues at a high level. Action abroad on the war fronts has quickened the tempo slightly this week and less is heard about post-war planning. Actually there is a much stronger reticence towards becoming too far extended on post-war plans. Under the surface, however, the passing of each day finds manufacturers more nearly squared away in their plans even though they are locked in the files. This situation is abetted by contract completion and cutbacks even though dramatic shifts to production of consumer goods are not apparent.

"Indicating the slightly stronger tempo in war goods output is the report that the shell steel program is due for an increase some time before the end of the year. It was recently cutback in order to get it in step with the production of shell making machinery. While requirements by the end of the year are expected to be higher than they are now, they will not hit the peaks originally estimated. The heavy ammunition production program for November and December will comprise around 30% of the 1944 total, with $52 million scheduled for completion in November and $62 million in December.

"Chicago & North Western Railroad is inquiring for 2,500 cars, involving high strength steel, including 1,000 70-ton hoppers, 100 50-ton hoppers, 400 50-ton box cars, 750 70-ton gondolas and 250 70-ton ballast cars. The Boston & Maine Railroad has ordered 50 coaches from Pullman-Standard Mfg. Co.

"On the foreign trade front, Russia under diplomatic negotiations has been granted authority to buy machine tools in this country to the tune of $10 million monthly for a 12-month period. This business is roughly about one-fourth of current total machine tool shipments. Although orders have not yet been placed, Russia is securing data and bids for a complete steel mill, the ingot capacity of which will be about 8,000,000 tons annually.

"The 'Iron Age' composite price for heavy melting steel scrap has dropped 8c. this week to $15.67. However, this has been a period of readjustment with prices in Boston rising while dropping in several other market districts. In the Chicago and Cleveland areas, increases in certain grades have accompanied decreases in other grades. There is a fluctuating market, although volume of business is not high. Nevertheless it is significant that the buyer's market of the past few months seems to be approaching a critical point."

The American Iron and Steel Institute on Oct. 23 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 96.3% of capacity for the week beginning Oct. 23, compared with 97.0% one week ago, 95.1% one month ago and 100.6% one year ago. The operating rate for the week beginning Oct. 23 is equivalent to 1,732,400 tons of steel ingots and castings, compared to 1,745,000 tons one week ago, 1,710,700 tons one month ago, and 1,753,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Oct. 23 stated in part as follows:

Easier conditions prevail in the steel market, especially in plates and sheets where greatest pressure was felt. Steel bars also are in less demand.

Although need for plates has been foreseen for some time, as shipbuilding declined, it had been generally expected that plate mills would maintain full operations to the end of the year. Some question about this now arises and certain producers expect operations to sag by December. Cancellations of plate tonnage with some producers exceed bookings.

Effect of shortening in plate demand is reflected in the sheet market, especially in hot-rolled. Where until recently delivery promises were for late first quarter it now is possible to place orders for considerable tonnages for delivery in December and even occasionally in November. This situation is due largely to recent cancellation of landing mat tonnage and also to larger mill sheet quotas because of shrinkage in plate tonnage. In the case of producers making both plates and sheets, plate tonnage has been diverted from strip mills to plate mills, giving better balance, making sheets more available, a situation that probably will become more general.

Apparently the scrap market has reached practical stability for the present, declines being the exception, steelmaking grades holding fairly firm.

While pig iron production and consumption are well balanced foundries show some increase in melt as the labor situation eases slightly and some merchant producers are apprehensive of being able to meet all demands if this tendency increases materially.

Steel warehouses are experiencing heavy demand and sales in October in some instances promise to be best for the year. Delayed mill deliveries account for most of this buying, though some manufacturers of war goods are said to be hastening completion of contracts to forestall possible cancellations.

Average composite price of steelmaking scrap declined 25 cents last week, to $16.33, caused by a drop of 75 cents from the preceding week at one center. Other composites remained steady, finished steel at $56.73, semifinished steel $36 and steelmaking pig iron $23.05.

N. Y. State Factory Jobs Unchanged, Payrolls Up 3%

There was no change in the number of wage earners employed in factories in the State between August and September, although payrolls were increased by more than 3% said a statement issued on Oct. 16 by Industrial Commissioner Edward Corsi, who added that employment in September was, in general, characterized by seasonal gains in the apparel industry, stabilized employment in war plants and decreased employment in other industries. The Commissioner in his report further said:

Most Industries, even those operating with smaller forces, reported higher payrolls in September. The payroll increases were primarily the result of additional overtime, wage rate increases, and the fact that several firms reported for the week including Labor Day which was paid for at premium rates. Of the major industrial groups, only the lumber industry reported a reduction in payrolls this month. The largest gains in payrolls were in the apparel and glass industries where there were increases of approximately 8%.

Total manufacuring employment increased 0.1% from August to September and payrolls 3.1%. Compared with September a year ago employment was 9.5% lower while payrolls were only 2.5% smaller. Average weekly earnings amounted to $48.71 in September compared with $47.39 in August and $45.33 in September of last year. These figures are based on preliminary tabulations of reports from 2,691 factories throughout the State collected and analyzed by the Division of Research and Statistics under the direction of Meredith B. Givens.

The apparel industry continued its seasonal expansion which began last month, increasing employment almost 3%. Women's dress shops hired large numbers of additional workers; while women's suit and coat houses reported moderate increases. Gains were also reported by manufacturers of men's furnishings, men's suits and coats, women's undergarments, and miscellaneous accessories. Millinery and fur goods shops were the only industries in the apparel group to report substantial decreases in employment. Pay rolls were higher in every branch of the industry except fur goods where there was a drop of almost 10%.

From the Commissioner's advices we also quote:

Most war plants maintained employment at August levels. The metals and machinery group as a whole decreased employment 0.3%. Firms manufacturing nonferrous metals and their products and aircraft had the must significant declines. Increases were reported by ordnance firms and manufacturers of electrical machinery, although one firm in this latter group laid off a substantial number of workers.

The food industry was the only industrial group to report a significant increase in employment in September; there were slight increases in the rubber, and stone, clay and glass industries, and declines in all the others.

The increase in the food group was entirely the result of additional hirings by canneries; almost all other food industries reported decreases. Manufacturers of bakery and confectionery products had losses of more than 2%. There was a very sharp reduction in the dairy industry where ice cream plants dropped large numbers of employees. Other significant changes were sharp reductions in the lumber, paper, and drug industries, and increases by several firms in the glass group.

Thompson Quits FDIC; Division Of Research—Succeeded By Jones

Leo T. Crowley, Chairman of Federal Deposit Insurance Corp., announced on Oct. 19 the resignation of Donald S. Thompson, Chief of the Corporation's Division of Research and Statistics, effective Dec. 1. Mr. Thompson has accepted an appointment on the staff of the National Bureau of Economic Research. He will be a member of the central research staff of the Bureau's Financial Research Program, with headquarters at "Hillside," Riverdale, N. Y. Mr. Thompson has been with FDIC for 10 years, eight of them as Chief of Research and Statistics. The Financial Research Program with which Mr. Thompson will be associated is conducted by the Bureau in cooperation with banks, universities, financial houses, business firms and Government financial agencies.

Homer Jones, Assistant Chief of FDIC's Division of Research and Statistics since 1940, will succeed Mr. Thompson as Chief of the Division, Mr. Crowley announced. In addition to his FDIC duties, Mr. Jones has served since 1942 in the Office of Alien Property Custodian and in Foreign Economic Administration. Harry L. Severson has been appointed Assistant Chief of the Division of Research and Statistics. He has been with the corporation since 1937 as head security analyst, and has had responsibility for the corporation's research program on bank investments.

From Washington Ahead Of The News

(Continued from first page)

olution and they are accomplishing that. This is easy to be seen. But as an immediate voice, they have selected a man who is anything but the most profoundly ignorant man in the United States Senate, Senator Joe Ball. Every correspondent in Washington knows that the wife of this former $50 a week reporter has told him that this was the way to achieve fame. The fictitious character makers have been working at building him up for a long time. It is a moot question if he has one fellow Senator who has the slightest respect for him, but in the way in which fictitious reputations are being built up, there seems to be no escape from him.

Several weeks ago, this 38 year old inexperienced, immature fellow said he had to withhold his support from Gov. Dewey until he understood how the latter stood on the proposed great overall world police force to prevent aggression. It is a commentary on the press of this country that he received good publicity. The Dewey people are naturally nervous because they don't know whether this is a plot on the part of Gov. Stassen, another boy wonder, to scuttle the 1944 campaign in Minnesota and therefore give Stassen an opportunity to run in 1948.

But Mr. Roosevelt, that great deep thinker, has grabbed the Senator's idea. He said in his New York speech, with the greatest crowd of international racketeers screaming which one ever heard, that he favored the American delegate to the great international organization to establish peace, having authority given to him by "constitutional means," to order our armed forces into action. This is to say he should have authority to act to send American troops into action against an aggressor nation without having to get authority from Congress. The phoniness of the proposition becomes manifest when it is realized that the President of this country has always assumed authority to send marines to Nicaragua, to Vera Cruz, troops into Mexico with the understanding that Congress would back him up later. He has always assumed authority to take care of things like that. We wonder what in the name of heavens it is that he is now seeking authority to do.

The answer is that, at this late date, he has sought to inject, in desperation (that is apparent) a new issue into the campaign. If he can get Governor Dewey off on arguing about this one thing, the whole campaign will be confused. The issue of Sidney Hillman and Earl Browder will be forgotten about; the issue of the New Deal's bungling of the home front will be forgotten about. All other issues, such as the responsibility for Pearl Harbor, will be forgotten about. An entirely new issue, an entirely new controversy will be projected.

It is the greatest problem yet to be put up to the New York Governor. On the way in which he handles it will determine whether he's the next President of the United States. He **should** give it the fleeting attention it deserves. Let's see if he does that. And in the meantime we can't help chuckling over the fact that it gives him an opportunity to duck a discussion of his agricultural program, which neither he nor any other candidate really has, and to discuss one is simply embarrassing.

Wholesale Prices Down 0.1% For Week Ended October 14, Labor Dept. Reports

Seasonally lower prices for fruits and vegetables, together with a decline in the grain markets, caused the Bureau of Labor Statistics' index of commodity prices in primary markets to drop 0.1% during the week ended Oct. 14, it was announced by the U. S. Dept. of Labor in its report issued Oct. 19 which further said: "The decline offset last week's rise and brought the all-commodity index back to the level which prevailed at the end of September, 103.8% of the 1926 average. Since mid-September the general level of prices has advanced 0.2% and is less than 1% higher than in mid-October, 1943."

The Labor Department's report continued:

"**Farm Products and Foods**—Average prices for farm products in primary markets dropped 0.5% during the week as a result of lower prices for wheat, oats and rye, for live poultry in the New York market, and for cotton, eggs, onions, apples and potatoes. Quotations for sheep were slightly higher than for last week. During the past four weeks, prices for farm products have risen 0.5%, but are slightly lower than at this time last year.

"Led by a decrease of 1.7% in prices for fruits and vegetables, average prices for foods dropped 0.3% to the September 16 level. Minor declines also occurred in prices for flour and for eggs. Ceiling prices on black pepper were raised 3½ cents per pound to bring stocks into normal trade channels. Higher prices were reported for rye flour and for dried prunes. In mid-October average prices for foods at the primary market level were the same as for the corresponding week of September. In the past 12 months they have declined nearly 1%.

"**Industrial Commodities**—There were very few changes in industrial commodity markets and the indexes for all these groups, except hides and leather products, remained unchanged from last week. A reduction of more than 5% in prices for sheepskins brought the index for hides and leather products down 0.1%. Lower prices were also reported for turpentine and for sand in some areas. A few scattered increases occurred in prices for certain types of farm machinery."

In the Labor Department's report was included the following note:

Note:—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Sept. 16, 1944 and Oct. 16, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from Oct. 7 to 14, 1944.

WHOLESALE PRICES FOR WEEK ENDED OCT. 14, 1944
(1926=100)

						Percentage change to Oct. 14, 1944 from—		
Commodity Groups—	10-14 1944	10-7 1944	9-30 1944	9-16 1944	10-16 1943	10-7 1944	9-16 1944	10-16 1943
All commodities	*103.8	*103.9	*103.8	*103.6	102.9	—0.1	+0.2	+ 0.9
Farm products	122.7	123.3	122.8	122.1	122.8	—0.5	+0.5	— 0.1
Foods	103.8	104.1	103.9	103.8	104.7	—0.3	0	— 0.9
Hides and leather products	116.7	116.8	116.5	116.6	118.4	—0.1	+0.1	— 1.4
Textile products	98.8	98.8	98.5	98.3	97.1	0	+0.5	+ 1.8
Fuel and lighting materials	83.8	83.8	83.7	83.7	81.8	0	+0.1	+ 2.4
Metals and metal products	*103.9	*103.9	*103.8	*103.9	103.8	0	0	+ 0.1
Building materials	116.1	116.1	115.9	116.1	112.5	0	0	+ 3.2
Chemicals and allied products	104.9	104.9	104.9	104.9	100.3	0	0	+ 4.6
Housefurnishing goods	106.1	106.1	106.1	106.1	104.2	0	0	+ 1.8
Miscellaneous commodities	93.4	93.4	93.4	93.3	92.9	0	+0.1	+ 0.5
Raw materials	113.2	113.7	113.2	112.8	112.2	—0.4	+0.4	+ 0.9
Semimanufactured articles	94.6	94.6	94.3	94.1	92.8	0	+0.5	+ 1.9
Manufactured products	*101.2	*101.2	*101.1	*101.1	100.3	0	+0.1	+ 0.9
All commodities other than farm products	*99.7	*99.7	*99.6	*99.6	98.6	0	+0.1	+ 1.1
All commodities other than farm products and foods	*98.9	*98.9	*98.8	*98.8	97.5	0	+0.1	+ 1.4

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
OCT. 7, 1944 TO OCT. 14, 1944

Decreases

Fruits and vegetables	1.7	Other farm products	0.6
Grains	1.0	Cereal products	0.2
Hides and skins	1.0	Livestock and poultry	0.1
Other foods	0.1		

National Fertilizer Association Commodity Price Index Advances To New High Level

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Oct. 23, advanced to a new high level of 139.9 in the week ending Oct. 21 from 139.5 in the preceding week. A month ago this index registered 138.8 and a year ago 135.9, based on the 1935-1939 average as 100. The Association's report continued as follows:

Farm products and foods as well as industrial groups caused the new high level in the weekly wholesale commodity price index. The farm products group reached a new all-time peak as a result of higher prices for choice cattle, eggs, and live fowls which more than offset lower quotations for calves, lambs and ewes; and this in turn brought the sub-group of livestock to a new high. Some grades of wheat were up while others were down, and rye advanced nominally. However, none of these price changes was sufficint to change the grain index number. A slightly lower quotation for cottonseed oil caused a decline in this index number as well as in the fats and oils group. However, higher prices for eggs more than offset this decline and caused the foods group to reach a new all-time high. The textiles group receded slightly due to lower prices for raw spot cotton. The fuels group marked its first change since Feb. 12 of this year as higher prices were quoted for bunker oil. The metals group again declined fractionally as the result of lower prices for scrap steel. The miscellaneous group index number increased, marking its first change March 18, because of an increase in machinery-finished book paper.

During the week 8 price series in the index advanced and 7 declined; in the preceding week 3 price series advanced and 5 declined, and in the second preceding week 9 price series advanced and 3 declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Oct. 21, 1944	Preceding Week Oct. 14, 1944	Month Ago Sep. 23 1944	Year Ago Oct. 23, 1943
25.3	Foods	143.3	142.8	142.1	140.8
	Fats and Oils	144.4	145.1	144.1	146.1
	Cottonseed Oil	160.7	163.1	159.6	161.3
23.0	Farm Products	165.8	165.2	162.4	156.5
	Cotton	205.5	205.5	200.9	192.2
	Grains	161.6	161.6	156.8	154.8
	Livestock	161.4	160.2	158.4	151.3
17.3	Fuels	131.2	130.1	130.1	122.8
10.8	Miscellaneous commodities	133.4	132.2	132.2	131.4
8.2	Textiles	155.4	155.5	154.0	150.4
7.1	Metals	104.0	104.1	104.2	104.4
6.1	Building materials	154.0	154.0	154.0	152.5
1.3	Chemicals and drugs	126.1	126.1	126.1	127.7
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.7	104.7	104.5	104.1
100.0	All groups combined	139.9	139.5	138.8	135.9

*Indexes on 1926-1928 base were: Oct. 21, 1944, 109.0; Oct. 14, 108.7; and Oct. 23, 1943, 105.9.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

			Corporate by Ratings*				Corporate by Groups*		
1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Oct. 24	119.48	112.56	118.40	116.61	112.93	103.47	107.62	113.50	117.40
23	119.55	112.75	118.60	116.61	112.93	103.64	107.62	113.50	117.40
21	119.55	112.75	118.60	116.61	112.93	103.64	107.62	113.50	117.40
20	119.55	112.75	118.60	116.80	112.93	103.64	107.44	113.50	117.40
19	119.58	112.75	118.60	116.80	112.93	103.47	107.44	113.70	117.60
18	119.58	112.56	118.40	116.80	112.93	103.47	107.27	113.70	117.40
17	119.58	112.56	118.40	116.80	112.93	103.30	107.27	113.70	117.40
16	119.61	112.75	118.60	117.00	112.93	103.47	107.27	114.08	117.40
14	119.61	112.75	118.60	116.80	112.93	103.47	107.27	114.08	117.20
13	119.61	112.75	113.60	117.00	112.93	103.47	107.27	114.08	117.20
12	STOCK EXCHANGE CLOSED								
11	119.61	112.75	118.60	117.00	112.93	103.47	107.27	114.08	117.20
10	119.52	112.75	118.60	117.00	112.75	103.30	107.09	114.08	117.20
9	119.52	112.75	118.60	117.00	112.75	103.30	107.09	114.08	117.20
7	119.52	112.75	118.80	117.00	112.75	103.30	107.09	114.08	117.20
6	119.52	112.75	118.60	117.00	112.75	103.30	106.92	114.08	117.20
5	119.48	112.56	118.60	117.00	112.56	103.30	106.92	114.08	117.20
4	119.48	112.56	118.60	117.00	112.56	103.30	106.92	114.08	117.20
3	119.45	112.56	118.60	117.00	112.56	103.13	106.74	114.08	117.20
2	119.50	112.56	118.60	117.00	112.56	103.13	106.74	114.08	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
22	119.22	112.56	118.60	117.20	112.37	103.13	106.74	114.08	117.20
15	119.42	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
8	119.48	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.00
1	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
18	119.84	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
11	119.84	112.56	118.60	117.00	112.37	103.30	106.92	114.08	117.20
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
21	120.18	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
14	120.23	112.56	118.60	117.20	112.19	103.13	106.39	114.08	117.40
7	120.27	112.56	118.60	117.00	112.37	102.96	106.21	114.08	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.75	118.80	117.40	112.93	103.64	107.62	114.27	117.60
Low 1944	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago									
Oct. 23, 1943	120.33	111.25	119.00	116.61	111.44	99.20	103.47	113.89	116.61
2 Years Ago									
Oct. 24, 1942	117.38	107.44	117.00	114.08	108.70	92.64	97.47	111.81	114.46

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

			Corporate by Ratings*				Corporate by Groups*		
1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Oct. 24	1.88	3.03	2.73	2.82	3.01	3.54	3.30	2.98	2.78
23	1.86	3.02	2.72	2.82	3.01	3.53	3.30	2.98	2.78
21	1.86	3.02	2.72	2.82	3.01	3.53	3.30	2.98	2.78
20	1.86	3.02	2.72	2.81	3.01	3.53	3.31	2.98	2.78
19	1.86	3.02	2.72	2.81	3.01	3.54	3.31	2.97	2.77
18	1.86	3.03	2.73	2.81	3.01	3.54	3.32	2.97	2.78
17	1.86	3.03	2.73	2.81	3.01	3.55	3.32	2.97	2.78
16	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.78
14	1.85	3.02	2.72	2.81	3.01	3.54	3.32	2.95	2.79
13	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
12	STOCK EXCHANGE CLOSED								
11	1.85	3.02	2.72	2.80	3.01	3.54	3.32	2.95	2.79
10	1.85	3.02	2.72	2.80	3.02	3.55	3.33	2.95	2.79
9	1.85	3.02	2.72	2.80	3.02	3.55	3.33	2.95	2.79
7	1.85	3.02	2.71	2.80	3.02	3.55	3.33	2.95	2.79
6	1.85	3.02	2.72	2.80	3.02	3.55	3.34	2.95	2.79
5	1.85	3.03	2.72	2.80	3.03	3.55	3.34	2.95	2.79
4	1.85	3.03	2.72	2.80	3.03	3.55	3.34	2.95	2.79
3	1.85	3.03	2.72	2.80	3.03	3.56	3.35	2.95	2.79
2	1.84	3.03	2.72	2.80	3.03	3.56	3.35	2.95	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
22	1.86	3.03	2.72	2.79	3.04	3.56	3.35	2.95	2.79
15	1.83	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
8	1.84	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.80
1	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
18	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
11	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
4	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
21	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
14	1.78	3.03	2.72	2.79	3.05	3.56	3.37	2.95	2.78
7	1.78	3.03	2.72	2.80	3.04	3.57	3.38	2.95	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.02	2.71	2.78	3.01	3.53	3.30	2.94	2.77
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago									
Oct. 23, 1943	1.81	3.10	2.70	2.82	3.09	3.80	3.54	2.96	2.82
2 Years Ago									
Oct 24, 1942	2.05	3.31	2.80	2.95	3.24	4.23	3.91	3.07	2.93

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Treasury Revokes Rules On Hawaiian Currency

The Treasury Department announced on Oct. 21 the revocation of the Hawaiian currency and securities regulations. This action brought to an end the financial "scorched earth" program in Hawaii, says the announcement, which also states:

"The special Hawaiian regulations which were revoked today were designed to prevent the enemy from making effective use of the financial resources of the Islands in the event of a successful invasion. Under these regulations the ordinary United States currency was withdrawn from circulation and a new series with a distinctive brown seal and the word "Hawaii" overprinted was issued. Securities were required to be perforated with the letter "H." Thus, in the event the Islands were occupied, it would have been difficult for the enemy to have realized any gain from the easily identified currency and securities which were not destroyed.

"The action taken today was in line with the Treasury policy of relaxing war-time controls as soon as conditions permit. With the danger of invasion definitely removed, the precautionary measures prescribed by the regulations are no longer necessary and hereafter unperforated securities and ordinary United States currency may be marketed and circulated in Hawaii. It was emphasized, however, that the revocation of these regulations will not affect the validity of perforated securities and the special currency issued under the 'scorched earth' program."

The regulations had been in effect since July, 1942.

Dewey Designates Oct. 27 As Navy Day In N. Y.

Gov. Thomas E. Dewey on Oct. 14 proclaimed Oct. 27—the 86th anniversary of the birth of Theodore Roosevelt—as "Navy Day."

Previous to becoming Governor of New York and President of the United States, Theodore Roosevelt was Assistant Secretary of the Navy.

In his proclamation, Governor Dewey said:

"More than 50 years ago the man who was then Assistant Secretary of the Navy began to arouse the people of the United States to the need for a strong and efficient fleet. Working uphill and against opposition, he succeeded, and so laid the foundations of a strong American Navy, a Navy which today is the most powerful in the world.

"That Assistant Secretary of the Navy was the late Theodore Roosevelt, subsequently President of the United States. Thanks to him, the revitalized and strengthened United States Navy won with ease the first war in which it engaged — the war against Spain.

"In the first World War our fleets exemplified in every way the tradition of the service. In the present war the men of our Navy have written history in victories which have transcended all their achievements in the past."

Moody's Daily Commodity Index

Tuesday, Oct. 17, 1944	249.0
Wednesday, Oct. 18	249.0
Thursday, Oct. 19	249.0
Friday, Oct. 20	248.6
Saturday, Oct. 21	248.6
Monday, Oct. 23	248.5
Tuesday, Oct. 24	248.5
Two weeks ago, Oct. 10	249.1
Month ago, Sept. 23	249.4
Year ago, Oct. 23, 1943	247.5
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Oct. 3	252.5
Low, Jan. 5	247.0

Daily Average Crude Oil Production For Week Ended Oct. 14, 1944 Increased 35,000 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 14, 1944, was 4,726,550 barrels, an increase of 35,000 barrels per day over the preceding week and 314,600 barrels per day more than produced in the corresponding week of last year. The current figure was also 18,050 barrels in excess of the daily average figure recommended by the Petroleum Administration for War for the month of October, 1944. Daily output for the four weeks ended October, 14, 1944, averaged 4,731,050 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,589,000 barrels of crude oil daily and produced 14,442,000 barrels of gasoline, 1,352,000 barrels of kerosine; 5,398,000 barrels of distillate fuel oil, and 8,827,000 barrels of residual fuel oil during the week ended Oct. 14, 1944; and had in storage at the end of that week: 78,506,000 barrels of gasoline, 14,472,000 barrels of kerosine, 47,335,000 barrels of distillate fuel, and 64,365,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations October	*State Allowables begin. Oct. 1	Actual Production Week Ended Oct. 14, 1944	Actual Production Change from Previous Week	4 Weeks Ended Oct. 14, 1944	Week Ended Oct. 16, 1943
Oklahoma	340,000	343,000	†345,250	+ 1,200	343,900	326,450
Kansas	274,000	269,400	†267,900	+16,600	269,450	296,950
Nebraska	1,000	----	†950	----	900	1,750
Panhandle Texas			98,800	----	98,750	88,100
North Texas			148,800	----	148,300	138,300
West Texas			492,800	----	498,400	354,050
East Central Texas			149,500	----	149,650	135,250
East Texas			371,350	----	371,150	368,700
Southwest Texas			334,400	----	338,100	288,150
Coastal Texas			537,700	----	540,350	519,350
Total Texas	2,133,000	‡2,134,113	2,133,350	----	2,144,700	1,891,900
North Louisiana			73,450	— 600	73,750	81,050
Coastal Louisiana			289,750	----	289,100	279,000
Total Louisiana	350,000	396,000	363,200	— 600	362,850	360,050
Arkansas	78,000	80,295	80,850	+ 250	80,800	78,350
Mississippi	46,000		45,800	— 3,450	48,300	46,400
Alabama	----		300	----	300	----
Florida	----		50	----	50	----
Illinois	205,000		205,050	+11,150	201,150	209,750
Indiana	13,500		12,500	— 700	13,000	13,900
Eastern— (Not incl. Ill., Ind., Ky.)	72,500		68,300	+ 2,650	68,000	74,950
Kentucky	25,000		24,750	+ 100	25,700	22,950
Michigan	50,000		52,200	+ 300	50,850	55,100
Wyoming	95,000		98,850	+ 1,950	99,400	106,250
Montana	22,000		22,350	— 50	21,700	21,350
Colorado	8,500		9,250	+ 200	9,050	7,300
New Mexico	110,000	§	103,950	----	105,050	109,350
Total East of Calif.	3,823,500		3,834,850	+29,600	3,845,150	3,622,750
California	885,000	§	891,700	+ 5,400	885,900	789,200
Total United States	4,708,500		4,726,550	+35,000	4,731,050	4,411,950

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Oct. 12, 1944.

‡This is the net basic allowable as of Oct. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month.

§Not yet available.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED OCT. 14, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	†Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,354	93.5	7,453	36,046	26,209	22,652
Appalachian—								
District No. 1	130	83.9	96	73.8	289	2,306	551	284
District No. 2	47	87.2	57	121.3	190	1,362	162	153
Ind., Ill., Ky.	824	85.2	769	93.3	2,837	16,543	6,794	4,011
Okla., Kans., Mo.	418	80.2	377	90.2	1,379	6,668	2,014	1,596
Rocky Mountain—								
District No. 3	13	17.0	12	92.3	39	60	14	30
District No. 4	141	58.3	96	68.1	303	1,420	396	617
California	817	89.9	828	101.3	1,952	14,101	11,195	35,022
Total U. S. B. of M. basis Oct. 14, 1944	4,908	87.2	4,589	93.5	14,442	†78,506	47,335	64,365
Total U. S. B. of M. basis Oct. 7, 1944	4,908	87.2	4,506	91.8	14,252	78,554	46,078	64,644
U. S. Bur. of Mines basis Oct. 16, 1943			4,191		12,410	67,651	41,747	65,689

*At the request of the Petroleum Administration for War. †Finished, 65,556,000 barrels; unfinished, 12,950,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,352,000 barrels of kerosine, 5,398,000 barrels of gas oil and distillate fuel oil and 8,827,000 barrels of residual fuel oil produced during the week ended Oct. 14, 1944, which compares with 1,271,000 barrels, 4,706,000 barrels and 8,676,000 barrels, respectively, in the preceding week and 1,273,000 barrels, 4,425,000 barrels and 7,649,000 barrels, respectively, in the week ended Oct. 16, 1943.

Note—Stocks of kerosine at Oct. 14, 1944 amounted to 14,472,000 barrels, as against 14,322,000 barrels a week earlier and 10,911,000 barrels a year before.

Non-Ferrous Metals — Current Consumption Exceeds Expectations—Zinc Bookings Fair

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 19 stated:

"Consumption of major non-ferrous metals is being maintained at a higher rate than anticipated, with the result that producers last week experienced a fair demand for copper and zinc for shipment in the current month. This buying interest, in what amounts to prompt shipment metal, points to an over-cautious inventory position on the part of some fabricators, according to trade authorities. Consumers now appear to be less concerned over the possibility of an early collapse of Germany. The tight situation in spot quicksilver resulted in raising the minimum quotation to $110 per flask, an advance of $4." The publication went on to say in part:

Copper

Though producers were largely occupied in taking care of November needs of consumers, demand for October copper continued in evidence. The industry attached little significance to the drop in deliveries of copper that occurred in September. Some September metal was shipped to consumers late in August, and, in a number of instances, fabricators reduced their inventories. Actual consumption of copper during September amounted to between 125,000 and 130,000 tons, according to trade estimates. Under prevailing conditions, the industry is prepared for wide variations in the monthly statistics.

In a summary of copper supply and consumption for the first eight months of 1944, the American Bureau of Metal Statistics presented the following figures on the tonnage of refined copper in the Government's stockpile at the each of each month:

	Tons
January	254,500
February	286,900
March	301,200
April	284,800
May	276,900
June	278,700
July	273,400
August	305,500

Limitation Order L-114, restricting the use of copper-base alloys and other metals in the manufacture of safety equipment, was revoked by WPB on Oct. 12.

Restrictions on the use of copper and zinc for printing plates were eased by WPB during the last week.

Lead

Consumers purchased substantial tonnages of lead for November shipment last week, preparatory to arranging for supplementary allotments of foreign metal (Oct. 20) from WPB. Sales of domestic lead for the week amounted to 10,753 tons, against 7,981 tons in the week previous. With domestic consumption of lead continuing at the rate of about 70,000 tons a month, consumers are certain to ask for a fairly large tonnage of foreign metal for delivery next month. The total quantity of foreign lead released by WPB for October shipment, including Lend-Lease, was in the neighborhood of 41,000 tons. This points to another reduction in the size of the Government's stockpile, probably to 120,000 tons.

Manpower shortages continue to limit domestic production.

Zinc

Producers of zinc booked a fair tonnage of October shipment metal during the last week, indicating that some consumers underestimated their requirements. The trend in recent months has been to hold down inventories to a minimum, and sellers now believe that this movement went a bit too far and is undergoing some correction. Actual consumption of zinc has not varied much since June, but may increase moderately during the current month and in November, the industry believes. Production of slab zinc has dropped from a peak of 86,037 tons in March to 66,891 tons in September.

So far, the easing of conservation regulations has not added greatly to consumption of zinc. Current consumption, in the main remains closely identified with the war effort.

Production, shipments, and stocks of slab zinc from 1939 to 1943, by years and monthly figures for the current year to the end of September, in tons:

	Production	Shipments	Stocks
1939	538,198	598,972	65,995
1940	706,100	762,780	17,582
1941	863,955	857,471	24,066
1942	929,770	885,568	68,268
1943	971,873	887,638	173,510
1944:			
January	84,066	63,552	194,024
February	79,893	62,716	211,201
March	86,037	84,431	212,807
April	80,405	75,213	217,999
May	80,497	80,825	217,671
June	73,067	65,785	224,953
July	72,947	63,193	234,707
August	71,281	*64,158	*241,693
September	66,891	64,612	243,749

*Corrected.

Magnesium

After five months of steady decline, primary magnesium output rose slightly to 30,141,000 lbs. in July, the Aluminum and Magnesium Division of WPB reports. The downward trend, however, will be resumed as the result of further cutbacks by WPB. In fact, preliminary data point to a total for the month of August of about 25,000,000 lbs., it was stated officially. Recovery of secondary magensium during July showed little change, compared with the preceding month.

The June and July statistics of the magnesium industry, in thousands of pounds, follow:

	June	July
Metal production:		
Primary	29,372	30,141
Secondary	2,076	2,047
Product shipments:		
Castings—		
Sand	*5,729	5,652
Permanent mold	*598	656
Die	*208	172
Wrought products—		
Forgings	34	29
Extrusions	755	1,116
Sheet, strip, plate	204	145

*Revised.

Note—The figures on fabricated products do not cover incendiary bomb body castings, extruded sheet stock and forging stock, and sticks.

Tin

The Conservation Division of WPB, which is expected to disband early in November, continues to list tin as one of the materials in short supply. However, the tonnages available are described as sufficient for war purposes plus essential industrial demands. Conservation of war materials will be transferred to other branches of WPB, according to Washington advices.

Production of hot-dipped tinplate during the first eight months of 1944 amounted to 1,276,622 tons, equivalent to 51.5% of capacity. Production of electrolytic tinplate in the same period was 439,688 tons, the operating rate being equivalent to 30.6% of capacity.

The position of the market last week continued unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Oct.	Nov.	Dec.
October 12		Holiday	
October 13	52.000	52.000	52.000
October 14	52.000	52.000	52.000
October 16	52.000	52.000	52.000
October 17	52.000	52.000	52.000
October 18	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

Offerings of spot and nearby quicksilver were restricted largely to small lots, and buying interest throughout the week was sufficient to bring about another uplift in quotations. By Oct. 16 prices here ranged from $110 to $112 per flask, depending on quantity. Small parcels sold at $111 and $112 per flask. With domestic producers operating on a greatly reduced rate, the Pacific Coast market also presented a firm appearance, prices advancing to the New York equivalent. Consumption continues in excess of current production, the trade believes, and, unless this condition changes, the price situation is expected to remain firm. However, authorities hold to the view that the sudden termination of the war in Europe could alter the outlook quickly.

Silver

The London market for silver was quiet and unchanged at 23½d. The New York Official for foreign silver held at 44¾c, with domestic metal at 70⅝c.

More Freight Cars And Locomotives In Service

According to the Association of American Railroads, the Class I railroads put 26,156 new freight cars in service in the first nine months this year, of which 3,844 were installed in August. The total for the first nine months included 12,154 hopper, 2,690 gondola, 1,151 flat, 2,037 automobile box, 7,775 plain box, 56 stock, 292 refrigerator freight cars and one other car. A total of 20,432 new freight cars were placed in service in the first nine months of 1943.

The roads also put 721 new locomotives in service in the first nine months of 1944, of which 267 were steam, one electric and 453 Diesel. New locomotives installed in the first nine months of 1943 totaled 483, of which 298 were steam, 15 electric and 170 Diesel. New locomotives installed in August this year totaled 64, of which 26 were steam and 38 were Diesels.

The Class I railroads on Oct. 1, 1944, had 32.224 new freight cars on order, which included 11,017 hopper, 2,849 gondolas, 364 flat, 13,808 plain box cars, 1,671 automobile box cars, 2,071 refrigerator and 444 stock freight cars. On Oct. 1, last year, they had 28,896 cars on order.

They also had 499 new locomotives on order on Oct. 1, this year, which included 124 steam, two electric and 373 Diesel locomotives. Total on order Oct. 1, 1943, was 1,067, which included 468 steam, three electric and 596 Diesel locomotives.

Denton WFC Executive

The appointment of Willard K. Denton, President of the Manhattan Savings Bank of New York, as executive manager of the War Finance Committee for New York, was announced on October 12 by Frederick W. Gehle, state Chairman of the committee. Mr. Denton's duties will include supervision of the Sixth War Loan campaign in Manhattan, in which the largest single group of volunteer workers in the state will participate. Among the WFC divisions under his jurisdiction will be Community Sales, Payroll Savings, Banking and Investment, and Commerce and Industry The WFC announcement also says:

Mr. Denton has had more than 20 years experience as an officer of savings institutions and is widely known in insurance, real estate and banking circles. He is a director of the United States Fire Insurance Company, the Manhattan Life Insurance Company, the Mortgage Conference of New York, and the East Side Chamber of Commerce.

He is a member of the Executive Committee of Group Four of the New York State Savings Banks Association, the Association's Committee on Real Estate and Mortgages, and chairman of the Committee on Mortgage and Real Estate Development of the Savings Banks Trust Company.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the interior, in its latest report, states that the total production of soft coal in the week ended Oct. 14, 1944, is estimated at 11,875,000 net tons, an increase of 255,000 tons, or 2.2%, over the preceding week. In the corresponding week of 1943, output amounted to 11,825,000 tons. Cumulative production of soft coal from Jan. 1 to Oct. 14, 1944 totaled 494,605,000 tons, as compared with 468,734,000 tons, a gain of 5.5%.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Oct. 14, 1944 was estimated at 1,318,000 tons, an increase of 73,000 tons (5.9%) over the preceding week. When compared with the production in the corresponding week of 1943 there was an increase of 17,000 tons, or 1.3%. The calendar year to date shows an increase of 5.2% when compared with the same period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Oct. 14, 1944 showed no change from the output for the week ended Oct. 7, 1944; but was 51,300 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Oct. 14, 1944	Oct. 7, 1944	Oct. 16, 1943	*Oct. 14, 1944	Oct. 16, 1943	Oct. 16, 1937
Total incl. mine fuel	11,875,000	11,620,000	11,825,000	494,605,000	468,734,000	352,388,000
Daily average	1,979,000	1,937,000	1,971,000	2,024,000	1,908,000	1,448,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Oct. 14, 1944	§Oct. 7, 1944	Oct. 16, 1943	Oct. 14, 1944	Oct. 16, 1943	Oct. 16, 1937
*Total incl. coll. fuel	1,318,000	1,245,000	1,301,000	51,747,000	49,170,000	40,427,000
†Commercial produc.	1,265,000	1,195,000	1,249,000	49,678,000	47,203,000	38,406,000
Beehive coke—						
United States total	119,300	119,300	170,600	5,844,900	6,257,200	2,758,000

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	Oct. 7, 1944	Sept. 30, 1944	Oct. 9, 1943	Oct. 9, 1937
Alabama	358,000	383,000	366,000	256,000
Alaska	7,000	7,000	7,000	3,000
Arkansas and Oklahoma	93,000	91,000	95,000	94,000
Colorado	147,000	153,000	159,000	174,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,335,000	1,397,000	1,527,000	1,154,000
Indiana	524,000	544,000	526,000	367,000
Iowa	42,000	42,000	52,000	86,000
Kansas and Missouri	151,000	186,000	168,000	117,000
Kentucky—Eastern	943,000	1,000,000	972,000	872,000
Kentucky—Western	363,000	359,000	328,000	166,000
Maryland	33,000	36,000	37,000	35,000
Michigan	3,000	3,000	4,000	16,000
Montana (bitum. & lignite)	100,000	97,000	98,000	70,000
New Mexico	31,000	30,000	36,000	32,000
North & South Dakota (lignite)	52,000	49,000	61,000	66,000
Ohio	657,000	683,000	674,000	528,000
Pennsylvania (bituminous)	2,820,000	2,945,000	2,955,000	2,374,000
Tennessee	125,000	135,000	145,000	110,000
Texas (bituminous & lignite)	3,000	3,000	3,000	18,000
Utah	138,000	133,000	118,000	91,000
Virginia	366,000	387,000	383,000	316,000
Washington	32,000	30,000	30,000	43,000
†West Virginia—Southern	2,110,000	2,157,000	2,195,000	1,962,000
‡West Virginia—Northern	1,003,000	1,045,000	948,000	605,000
Wyoming	182,000	184,000	197,000	148,000
§Other Western States	1,000	*	1,000	1,000
Total bituminous & lignite	11,620,000	12,080,000	12,086,000	9,704,000
Pennsylvania anthracite	1,245,000	1,336,000	1,320,000	1,167,000
Total, all coal	12,865,000	13,416,000	13,406,000	10,871,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Civil Engineering Construction $20,812,000 for Week

Civil engineering construction in continental United States totals $20,812,000 for the week. This volume, not including the construction by military engineers abroad, American contractors outside the country, and shipbuilding, is 64% lower than in the preceding week, 59% below the corresponding 1943 week and 39% under the previous four-week moving average as reported to "Engineering News-Record." The report made public on Oct. 19 went on to say:

Private work is 18% lower than a week ago and 40% under a year ago. Public construction declines 69 and 62%, respectively, from last week and last year.

The current week's construction brings 1944 volume to $1,484,582,000 for the 42 weeks, a decrease of 44% from the $2,649,767,000 reported in the corresponding 1943 period. Private construction, $304,407,000, is 18% below a year ago, and public construction, $1,180,175,000, is down 48% due to the 54% drop in Federal volume. State and municipal construction, however, is 20% higher than last year.

Civil engineering construction volumes for the 1943 week, last week and the current week are:

	Oct. 21, 1943	Oct. 12, 1944	Oct. 19, 1944
Total U. S. construction	$50,755,000	$57,679,000	$20,812,000
Private construction	7,333,000	5,400,000	4,414,000
Public construction	43,422,000	52,279,000	16,398,000
State and municipal	3,206,000	6,806,000	5,297,000
Federal	40,216,000	45,473,000	11,101,000

In the classified construction groups, gains over last week are in waterworks, sewerage, bridges, commercial buildings, and streets and roads. Increases over 1943-week totals are in waterworks, sewerage, bridges, and industrial buildings. Subtotals for the week in each class of construction are: waterworks $1,005,000; sewerage, $1,041,000; bridges, $288,000; industrial buildings, $2,820,000; commercial buildings, $1,336,000; public buildings, $6,835,000; earthwork and drainage, $651,000; streets and roads, $3,201,000; and unclassified construction, $3,635,000.

New capital for construction purposes for the week totals $13,271,000. It is made up of $13,146,000 in State and municipal bond sales, and $125,000 in corporate security issues. The week's new financing brings 1944 volume to $1,631,621,000, a total that is 46% below the $3,042,594,000 reported for the 42-week period last year.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 18 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 30, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 30 (in round-lot transactions) totaled 1,472,376 shares, which amount was 18.47% of the total transactions on the Exchange of 3,984,720 shares. This compares with member trading during the week ended Sept. 23 of 1,240,272 shares, or 18.41% of the total trading of 3,368,930 shares. On the New York Curb Exchange, member trading during the week ended Sept. 30 amounted to 367,325 shares, or 15.18% of the total volume on that exchange of 1,209,860 shares; during the Sept. 23 week trading for the account of Curb members of 282,010 shares was 15.34% of total trading of 919,385 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 30, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	114,390	
‡Other sales	3,870,330	
Total sales	3,984,720	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	347,760	
Short sales	37,910	
‡Other sales	308,670	
Total sales	346,580	8.71
2. Other transactions initiated on the floor—		
Total purchases	265,970	
Short sales	8,040	
‡Other sales	244,080	
Total sales	252,120	6.50
3. Other transactions initiated off the floor—		
Total purchases	118,500	
Short sales	26,500	
‡Other sales	114,946	
Total sales	141,446	3.26
4. Total—		
Total purchases	732,230	
Short sales	72,450	
‡Other sales	667,696	
Total sales	740,146	18,47

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 30, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	17,970	
‡Other sales	1,191,890	
Total sales	1,209,860	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	106,495	
Short sales	4,960	
‡Other sales	92,815	
Total sales	97,775	8.44
2. Other transactions initiated on the floor—		
Total purchases	37,530	
Short sales	3,100	
‡Other sales	24,360	
Total sales	27,460	2.69
3. Other transactions initiated off the floor—		
Total purchases	33,980	
Short sales	4,800	
‡Other sales	59,285	
Total sales	64,085	4.05
4. Total—		
Total purchases	178,005	
Short sales	12,860	
‡Other sales	176,460	
Total sales	189,320	15.18
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	75	
§Customers' other sales	50,908	
Total purchases	50,983	
Total sales	36,844	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 18 a summary for the week ended Oct. 7 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Oct. 7, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	20,158
Number of shares	508,857
Dollar value	21,333,848
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	175
*Customers' other sales	20,621
Customers' total sales	20,796
Number of Shares:	
Customers' short sales	6,028
*Customers' other sales	485,092
Customers' total sales	491,120
Dollar value	17,241,475
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	40
†Other sales	136,810
Total sales	136,850
Round-Lot Purchases by Dealers:	
Number of shares	165,880

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Sept. Living Costs Down In 37 Cities, Up In 22, Conference Board Reports

For the first time since last March, living costs of wage earners and lower-salaried clerical workers declined in a majority of the 63 industrial cities that are surveyed monthly by the National Industrial Conference Board, which, in its statement of Oct. 20, further said:

"There were declines in 37 of the cities, against increases in only 22, while in four cities living costs were unchanged. The largest increase from August to September was in Cleveland, where the rise amounted to 2.2%. Increases ranging from 0.5% to 1.0% occurred in Lewistown, Pa.; Syracuse, Grand Rapids, Minneapolis, Denver, Los Angeles and Toledo.

"There was only one decline greater than 1%—in Newark, with 1.1%. Declines from 0.5% to 1.0% were recorded for Memphis, Wilmington, Dayton, Muskegon, Chicago and Birmingham. Living costs were unchanged in Des Moines, Lansing, Parkersburg and Spokane.

"Between September, 1943 and and September, 1944, the cost of living of wage earners rose in 60 of the 63 cities surveyed, there being declines only in Newark, Duluth and Memphis. The greatest increase was shown for Toledo, where the rise amounted to 4.6%. There followed increases from 3.0% to 4.0% in Cleveland, Green Bay, Sacramento, Trenton, Chattanooga and Milwaukee.

"The most important decline during the year was one of 2.2% in Newark, followed by declines of 1.4% in Duluth and 0.2% in Memphis."

Tobacco Company Profits Reflect Rising Costs

Further earnings declines are in prospect for most tobacco companies, according to the United Business Service. Despite record production volumes, operating margins are being pinched by rising labor, container, and raw material costs.

Short tobacco crops in recent years have added to the difficultiies of the industry, which has been drawing on inventories in an effort to meet current demand. Reserve stocks now average less than two years' needs as against a normal holding of at least a three-year supply. With requirements of the Armed Forces doubling in the past twelve months, manufacturers have resorted to rigid civilian rationing — a condition that will probably last through the winter.

Some encouragement for the future is seen in the sharp increase in tobacco production in 1944. The Government has already expanded the amounts allocated for various tobacco products, and undoubtedly inventories will shortly turn upward.

The trend of costs is unfavorable from a profits viewpoint. Prices paid tobacco producers in 1944 will be about 6% higher than in 1943, and will be only slightly below the all-time high in 1919. Inasmuch as proper aging of tobacco takes three years. the industry averages costs over a corresponding interval. Consequently, with selling prices ceilinged, operating margins are still being pinched, and what is more the effect of current high prices will continue to be seen for some time after tobacco costs reverse their present uptrend.

Revenue Freight Car Loadings During Week Ended Oct. 14, 1944 Increased 20,708 Cars

Loading of revenue freight for the week ended Oct. 14, 1944, totaled 898,650 cars, the Association of American Railroads announced on Oct. 19. This was a decrease below the corresponding week of 1943 of 13,698 cars, or 1.5%, and a decrease below the same week in 1942 of 2,601 cars or 0.3%.

Loading of revenue freight for the week of Oct. 14, increased 20,708 cars, or 2.4% above the preceding week.

Miscellaneous freight loading totaled 414,988 cars, an increase of 13,808 cars above the preceding week, and an increase of 10,645 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 109,086 cars, an increase of 775 cars above the preceding week, and an increase of 4,879 cars above the corresponding week in 1943.

Coal loading amounted to 174,646 cars, an increase of 2,832 cars above the preceding week, but a decrease of 1,909 cars below the corresponding week in 1943.

Grain and grain products loading totaled 49,997 cars, an increase of 4,447 cars above the preceding week but a decrease of 11,477 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Oct. 14, totaled 31,750 cars, an increase of 1,903 cars above the preceding week but a decrease of 9,946 cars below the corresponding week in 1943.

Livestock loading amounted to 26,214 cars, an increase of 2,569 cars above the preceding week but a decrease of 1,024 cars below the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Oct. 14 totaled 21,202 cars an increase of 2,342 cars above the preceding week, but a decrease of 846 cars below the corresponding week in 1943.

Forest products loading totaled 43,001 cars, an increase of 472 cars above the preceding week but a decrease of 2,108 cars below the corresponding week in 1943.

Ore loading amounted to 66,737 cars. a decrease of 4,363 cars below the preceding week and a decrease of 11,529 cars below the corresponding week in 1943.

Coke loading amounted to 13,981 cars, an increase of 168 cars above the preceding week, but a decrease of 1,175 cars below the corresponding week in 1943.

All districts reported decreases compared with the corresponding week in 1943, except the Southern and Centralwestern, and all districts reported decreases compared with 1942 except the Eastern, Allegheny and Centralwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
4 weeks of August	3,579,800	3,554,694	3,487,905
5 weeks of September	4,428,427	4,456,466	4,410,669
Week of October 7	877,942	906,357	909,250
Week of October 14	898,650	912,348	901,251
Total	35,197,525	34,237,743	34,357,611

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 14, 1944 During the period 59 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED OCT. 14

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	364	284	381	1,489	1,542
Bangor & Aroostook	1,679	2,646	1,455	529	175
Boston & Maine	6,799	7,006	6,197	15,131	15,787
Chicago, Indianapolis & Louisville	1,274	1,445	1,546	1,994	1,959
Central Indiana	38	50	48	34	59
Central Vermont	1,076	1,074	955	2,395	2,481
Delaware & Hudson	5,078	6,497	6,751	11,748	11,836
Delaware, Lackawanna & Western	8,240	7,633	7,323	11,074	11,678
Detroit & Mackinac	433	325	874	105	113
Detroit, Toledo & Ironton	1,821	2,112	1,814	1,275	1,271
Detroit & Toledo Shore Line	361	337	385	2,455	2,215
Erie	13,649	13,606	12,717	18,201	19,014
Grand Trunk Western	3,865	3,885	4,459	7,604	7,977
Lehigh & Hudson River	131	187	201	2,262	2,451
Lehigh & New England	2,214	1,845	1,335	1,607	1,768
Lehigh Valley	8,685	9,108	7,912	11,261	15,163
Maine Central	2,312	2,545	2,350	4,137	4,000
Monongahela	6,137	6,094	5,183	326	467
Montour	2,714	2,421	2,228	28	49
New York Central Lines	51,515	55,083	50,929	54,327	55,032
N. Y., N. H. & Hartford	9,532	9,536	9,556	18,028	19,954
New York, Ontario & Western	1,241	1,480	999	2,907	2,320
New York, Chicago & St. Louis	6,746	7,028	8,003	15,103	16,712
N. Y., Susquehanna & Western	503	626	430	2,462	2,233
Pittsburgh & Lake Erie	7,831	8,050	7,832	8,578	8,055
Pere Marquette	5,918	5,588	5,873	8,177	7,578
Pittsburg & Shawmut	822	1,055	760	10	8
Pittsburg, Shawmut & North	326	419	389	276	367
Pittsburgh & West Virginia	1,211	1,251	1,077	2,901	3,006
Rutland	377	386	397	1,273	1,281
Wabash	6,360	6,926	6,342	12,361	12,697
Wheeling & Lake Erie	5,394	5,462	5,891	4,195	4,559
Total	164,646	171,990	162,592	224,253	232,807
Allegheny District—					
Akron, Canton & Youngstown	753	815	729	1,269	1,393
Baltimore & Ohio	46,642	45,372	40,138	28,901	29,905
Bessemer & Lake Erie	5,462	5,815	6,477	1,806	2,104
Buffalo Creek & Gauley	*275	290	345	*7	2
Cambria & Indiana	1,674	1,766	1,863	9	5
Central R. R. of New Jersey	6,702	7,244	7,371	18,215	20,358
Cornwall	521	673	705	63	85
Cumberland & Pennsylvania	183	210	230	5	15
Ligonier Valley	111	137	134	36	40
Long Island	1,586	1,375	1,167	4,194	4,034
Penn-Reading Seashore Lines	1,985	2,023	1,743	2,471	3,150
Pennsylvania System	86,820	86,868	82,911	66,225	66,073
Reading Co.	15,521	15,038	14,652	28,297	26,681
Union (Pittsburgh)	18,949	20,893	21,383	5,825	7,833
Western Maryland	3,984	4,027	3,638	12,676	11,157
Total	191,168	192,546	183,486	169,999	172,835
Pocahontas District—					
Chesapeake & Ohio	28,692	29,364	26,071	14,030	15,266
Norfolk & Western	21,855	22,268	22,113	8,109	6,488
Virginian	4,005	4,483	4,540	2,276	2,588
Total	54,552	56,115	54,724	24,415	24,342
Southern District—					
Alabama, Tennessee & Northern	374	248	328	325	429
Atl. & W. P.—W. R. R. of Ala	801	662	806	2,836	3,059
Atlanta, Birmingham & Coast	812	720	777	1,532	1,140
Atlantic Coast Line	12,390	11,545	10,839	10,050	9,925
Central of Georgia	3,656	3,803	4,429	4,396	4,830
Charleston & Western Carolina	458	412	412	1,640	1,328
Clinchfield	1,683	1,692	1,825	3,178	2,318
Columbus & Greenville	288	331	481	297	209
Durham & Southern	179	147	124	551	556
Florida East Coast	935	1,256	855	1,370	1,351
Gainesville Midland	54	46	45	106	97
Georgia	1,377	1,247	1,434	2,226	3,078
Georgia & Florida	428	512	354	629	589
Gulf, Mobile & Ohio	4,831	4,340	4,548	4,177	4,281
Illinois Central System	30,571	30,470	32,320	18,691	17,130
Louisville & Nashville	25,739	25,370	26,016	11,845	12,497
Macon, Dublin & Savannah	225	193	199	751	682
Mississippi Central	349	271	236	525	492
Nashville, Chattanooga & St. L.	3,333	3,631	4,048	4,682	4,587
Norfolk Southern	1,040	1,121	1,118	1,855	2,203
Piedmont Northern	403	391	289	1,428	1,280
Richmond, Fred. & Potomac	421	451	532	9,748	9,870
Seaboard Air Line	9,641	10,477	9,611	8,890	8,469
Southern System	25,225	23,513	24,263	25,503	24,012
Tennessee Central	751	620	531	954	997
Winston-Salem Southbound	144	152	124	1,081	863
Total	126,108	123,626	126,544	119,266	116,272
Northwestern District—					
Chicago & North Western	20,874	20,745	22,313	15,356	15,399
Chicago Great Western	2,646	3,078	2,416	3,471	3,517
Chicago, Milw., St. P. & Pac.	23,816	23,314	23,244	11,468	11,380
Chicago, St. Paul, Minn. & Omaha	3,541	4,075	3,812	4,161	4,800
Duluth, Missabe & Iron Range	24,776	28,526	25,711	208	299
Duluth, South Shore & Atlantic	595	1,023	1,112	531	518
Elgin, Joliet & Eastern	9,597	8,643	10,363	9,919	10,718
Ft. Dodge, Des Moines & South	466	418	572	93	101
Great Northern	24,507	28,363	28,722	6,803	5,408
Green Bay & Western	657	695	577	947	1,049
Lake Superior & Ishpeming	1,632	1,660	2,332	68	55
Minneapolis & St. Louis	2,633	2,356	2,610	3,063	2,823
Minn., St. Paul & S. S. M.	7,660	8,675	7,924	2,984	2,954
Northern Pacific	13,814	14,965	13,976	6,201	5,692
Spokane International	177	88	274	549	473
Spokane, Portland & Seattle	2,660	2,696	2,487	3,939	3,714
Total	140,051	149,320	148,445	69,761	68,900
Central Western District—					
Atch., Top. & Santa Fe System	25,836	24,680	25,343	17,096	14,394
Alton	3,592	3,737	4,157	4,440	4,156
Bingham & Garfield	391	556	596	68	76
Chicago, Burlington & Quincy	22,079	22,478	22,935	14,801	13,571
Chicago & Illinois Midland	2,463	2,999	2,614	916	853
Chicago, Rock Island & Pacific	12,622	13,392	13,717	13,502	12,468
Chicago & Eastern Illinois	2,965	2,643	3,144	5,137	5,358
Colorado & Southern	1,212	1,425	1,269	3,293	2,461
Denver & Rio Grande Western	5,286	4,989	5,308	7,391	6,151
Denver & Salt Lake	868	656	868	17	20
Fort Worth & Denver City	1,072	1,323	1,190	2,562	1,778
Illinois Terminal	2,246	1,962	2,036	2,194	2,031
Missouri-Illinois	1,239	1,261	1,403	628	546
Nevada Northern	1,594	2,022	2,132	91	143
North Western Pacific	1,208	1,084	1,100	919	755
Peoria & Pekin Union	5	9	11	0	0
Southern Pacific (Pacific)	34,364	32,938	33,209	14,821	15,759
Toledo, Peoria & Western	380	321	434	2,300	1,899
Union Pacific System	23,754	21,396	20,922	19,148	18,980
Utah	489	493	509	4	5
Western Pacific	2,394	2,271	2,586	5,583	4,178
Total	146,059	142,640	145,483	114,911	105,581
Southwestern District—					
Burlington-Rock Island	773	334	152	557	233
Gulf Coast Lines	5,307	6,342	4,945	2,591	2,908
International-Great Northern	2,659	2,464	3,762	3,659	3,574
Kansas, Oklahoma & Gulf	312	270	441	1,087	1,543
Kansas City Southern	5,053	5,758	4,690	3,089	2,999
Louisiana & Arkansas	3,932	3,366	3,788	2,748	2,586
Litchfield & Madison	278	273	262	1,318	1,605
Midland Valley	743	709	894	496	300
Missouri & Arkansas	196	185	213	546	431
Missouri-Kansas-Texas Lines	6,593	6,392	6,616	5,025	5,657
Missouri Pacific	18,633	18,317	20,197	19,061	19,332
Quanah Acme & Pacific	54	113	103	299	241
St. Louis-San Francisco	10,836	8,704	10,501	9,101	9,239
St. Louis Southwestern	3,954	3,413	3,797	5,856	6,538
Texas & New Orleans	11,074	13,923	14,376	5,281	4,964
Texas & Pacific	5,547	5,448	5,077	7,581	7,158
Wichita Falls & Southern	89	79	130	64	63
Weatherford M. W. & N. W.	33	21	33	30	37
Total	76,066	76,111	79,977	68,389	69,408

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
July 1	152,954	155,170	544,454	95	95
July 8	145,317	98,235	586,379	60	94
July 15	145,775	147,478	586,103	91	94
July 22	157,041	152,402	590,263	94	94
July 29	139,743	157,720	570,626	96	94
August 5	195,161	160,568	604,299	96	94
August 12	140,338	158,849	585,316	96	94
August 19	136,936	155,516	562,744	95	94
August 26	128,596	156,921	534,174	96	94
September 2	173,065	155,820	549,114	97	94
September 9	131,988	123,758	554,352	80	94
September 16	129,481	158,178	525,730	97	94
September 23	125,258	161,114	486,818	96	94
September 30	160,952	159,114	482,896	95	94
October 7	217,096	158,946	541,424	96	94
October 14	139,347	154,719	523,875	96	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Banks Receive Adv. Portfolios From Govt.

Every bank in the country is receiving from the office of Economic Stabilization currently a new portfolio of suggested advertisements whose object is to popularize the idea of planned spending and saving. This was made known in an announcement on Oct. 13 by the American Bankers' Association which stated that the 24-page portfolio contains 18 pages of advertisements, prepared by the War Advertising Council on behalf of the advertising fraternity, which are sponsored by the U. S. Treasury Department and made available by the Office of War Information in mat form to banks, local groups of banks, clearing house associations, country groups, etc., for use in their local newspapers. From the ABA announcement we also quote:

"The mats or matrixes from which any newspaper can cast plates are available in different sizes and can be ordered by number and size, from The Cresset Co., stereotypers, 110 Greenwich Street, New York City, without cost. The largest size is four columns by 12 inches, or one-quarter newspaper page. The smallest is one column by 6 inches.

"The program is stated by Economic Stabilizer Fred M. Vinson to be aimed at the maintenance of economic stability through planned saving and planned spending. The copy theme is keyed to the future acquisition of things and pleasures, buying or remodeling of a home, education of children, vacation trips, etc. It also plays up the advantages and virtues of thrift, its part in financing the war, and preventing inflation.

"The program is not designed as a 'drive' but as a continuing effort to support both war financing and inflation control. It is suggested, however, that the advertisements are suitable for use in preparation for the Sixth War Loan Drive as well as for a follow-up."

A letter recommending the advertisements to the banks has been sent out by W. Randolph Burgess, President of the ABA, reading in part as follows:

"These advertisements seem to us well adapted to use in preparation for the Sixth War Loan and as a means of encouraging savings generally. They are produced by experienced bank advertisers as a wartime service. They are designed to help us to do our share in keeping the dollar sound and avoiding inflation.

"We shall send you later from the ABA office a poster, a 4-page letter, a direct mail folder and suggested newspaper advertisements for use in the Sixth War Loan."

Lumber Movement—Week Ended October 14, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 498 mills reporting to the National Lumber Trade Barometer were 0.2% below production for the week ended Oct. 14, 1944. In the same week new orders of these mills were 6.0% less than production. Unfilled order files of the reporting mills amounted to 102% of stocks. For reporting softwood mills, unfilled orders are equivalent to 39 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 3.1%; orders by 6.2%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 15.3% greater; shipments were 19.4% greater; and orders were 14.7% greater.

Items About Banks, Trust Companies

Percy H. Johnston, Chairman of the Chemical Bank & Trust Co. of New York, announced on Oct. 19 that the board of directors of the bank had approved on that day the transfer of $5,000,000 from unallocated reserves to surplus account. The capital structure of the bank now consists of $20,000,000 capital stock, $60,000,000 surplus, approximately $10,000,000 undivided profits, and approximately $3,500,000 unallocated reserves. This is the fourth increase in surplus account in the past eight years—$5,000,000 increases having been made on Dec. 24, 1936; Dec. 15, 1938, and Dec. 10, 1942.

Merton E. Squires has been appointed Vice-President of The National City Bank of New York. He has been an Assistant Vice-President since 1936. He was for many years associated with the National City branches in Brazil and at present is located at head office in the Overseas Division.

At a meeting of the Executive Committee of the Board of Directors of The National City Bank of New York on Oct. 25 Elwood J. Mahon was appointed an Assistant Cashier.

E. Chester Gersten, President of the Public National Bank & Trust Co. of New York, announced on Oct. 19 the following promotions and appointments: At the main office: Maurice F. Harnett, Assistant Cashier, was advanced to Assistant Vice-President, and James F. O'Donnell advanced to Assistant Cashier. The following were advanced to Assistant Cashiers at the Broadway and 24th St. office: Louis Cohen, Samuel Edel, Theodore Rosen, Theodore Salamon.

Thomas J. Shanahan, President of the Federation Bank & Trust Co. of New York, announced on Oct. 18 that the board of directors of the bank have approved the transfer of $25,000 from undivided profits to surplus account, bringing the surplus account to the sum of $1,200,000. This increase of $25,000 makes $525,000 that has been transferred over approximately eight years to surplus account out of earnings.

At a meeting of the board of directors of the Pan American Trust Co., held Oct. 18, Eduardo Villasenor was elected Chairman of the board and Rodolfo Ogarrio was elected a director, according to announcement by John B. Glenn, President of the bank. Mr. Villasenor is Director General of the Bank of Mexico, Mexico City, and Mr. Ogarrio is Vice-President of The Texas Co. Directors voted to increase the capital of the bank from $1,000,000 to $2,500,000, and surplus was increased from $280,000 to $880,000.

Beginning Monday, Oct. 23, Manufacturers Trust Co., New York, has provided check-cashing facilities for the thousands of military men and civilian employees stationed at Fort Jay, Governor's Island. Pay checks will be cashed on the 7th, 8th, 22nd and 23rd days of the month, as well as every other Monday, between 12 noon and 2 p. m. To take care of this service, two bank windows have been constructed in the waiting room of the building located alongside the ferry slip. Governor's Island is the headquarters for the head of the Eastern Defense Command and the head of the Second Service Command. Major General Thomas A. Terry is the Commanding Officer of the Second Service Command.

According to the New York State Banking Department, the authorization issued for the opening and maintenance of the Fort Jay office to provide check cashing facilities on Government paydays is for the duration of the emergency.

George R. Baker, Vice-President of Manufacturers Trust Company, of New York and affiliated with the 149 Broadway office of the bank for many years, died on Oct. 24, at his home in New York, at the age of 69. Mr. Baker was born in Tippecanoe, Harrison County, Ohio. He began his banking career in 1898 in Lancaster, Mo. Several years later he joined the National Bank of Commerce in St. Louis. In March, 1917, he joined the Chatham Phenix National Bank & Trust Co., New York, as a Vice-President at its principal office at 149 Broadway, New York, and when the Chatham Phenix National Bank & Trust Co. merged with Manufacturers Trust Company in 1932, Mr. Baker continued as a Vice-President at that same office where he remained until his death. Mr. Baker was a director of the Pennsylvania Coal & Coke Co., Universal Match Co. of St. Louis, Mo., General Transportation Casualty & Surety Co. He was also Treasurer of the Federal Grand Jury, New York.

The Colonial Trust Co. of New York announces that an authentic reproduction of the original proclamation issued by Marshal Foch, as Supreme Commander of the Allied Armies, to the people of Germany, in October, 1918, is now on display at each of its offices in New York. The trust company says:

"The proclamation, issued in three languages, French, English and German, was addressed to the civil population and emphasized the fact that the German people were under a military administration, that any overt act would be dealt with summarily, and that all civil activities were controlled by a Public Administrator accountable to the military. The order became effective 'one hour after proclamation'."

Harvey L. Schwamm, President and Chairman of the board of directors of The National Bronx Bank of New York, announces the election of Richard J. Cunningham as Cashier, succeeding John A. Peterson, formerly Vice-President and Cashier, who retains the title of Vice-President. Mr. Cunningham was Assistant Cashier and has been associated with the bank since its inception in 1931, and prior to that with the Melrose National Bank.

Charles L. A. Whitney, President of the Morris Plan Industrial Bank of Albany, N. Y., and a trustee of the Albany City & County Savings Bank, died on Oct. 12. Mr. Whitney was also President of W. M. Whitney & Co., Albany department store. He was 74 years old.

Francis Prescott, President of the Grafton Savings Bank of Grafton, Mass., died on Oct. 13. He was 66 years of age. Mr. Prescott was also active in political circles, and had served as Chairman of the Massachusetts Republican Committee from 1925 to 1928. He was also a State Representative from 1916-1918, and a Senator from 1919-1920.

At a meeting of the board of directors of the Tradesmen's National Bank & Trust Co. of Philadelphia, on Oct. 20, a quarterly dividend of $1.50 per share was declared; also an extra dividend of $1 per share, both payable Nov. 1, 1944, to stockholders of record at the close of business Oct. 23, 1944. The directors approved for consideration of stockholders at the annual meeting to be held Jan. 9, next, a resolution providing that the par value of the stock be reduced from $100 per share to $20 per share by the issuance of five shares of $20 par value in exchange for each share of $100 par value.

Charles S. Hunter, President of the National Valley Bank of Staunton, Va., since 1937, and employed by it since 1890, when his first job was that of a runner, announced his intention to retire in January, according to Associated Press advices from Staunton published in the Washington "Post" of Oct. 18, from which we quote:

"Under a contemplated arrangement, he becomes Chairman of the board of directors, with Gilpin Willson Jr. as President. Mr. Hunter, in a statement to the board, said that duties of the presidency should be borne by a younger man.

"Widely known throughout Virginia, he was State Bank Examiner from 1910 to 1913. He was elected Cashier of the bank in 1913, became a member of the board in 1920, and in 1923 was made Vice-President and Cashier."

John E. Jones, Milwaukee banker and civic leader, died on Oct. 16 at the age of 75 years. The Milwaukee "Journal," in reporting his death, said that Mr. Jones had been Cashier at the Marshall & Ilsley Bank in Milwaukee for many years. A native of that city, he entered the local banking field as a lad of 20, and before associating himself with the Marshall & Ilsley organization he served for a time with the old First National Bank, later incorporated in the present First Wisconsin National Bank.

According to the Minneapolis "Star-Journal" of Oct. 16, Ralph W. Manuel, President of the Marquette National Bank, Minneapolis, announced on Oct. 13 that Lynn Fuller, President of the Illinois National Bank of Quincy, Ill., had been elected Vice-President of the Marquette bank.

The Board of Governors of the Federal Reserve System announces that the Citizens Bank & Trust Co., Batesville, Ark., formerly a State institution, was converted into a National bank under the title of the First National Bank, on Oct. 11.

Bank of America's State-wide organization signalized the 40th anniversary of its founding on Oct. 17 in stride, too busy, however, maintaining service under war-time conditions to do anything formal in the way of celebration. It was on the morning of Oct. 17, 1904, that A. P. Giannini opened the original quarters of the bank in San Francisco with resources less than $200,000. Today Bank of America has total resources in excess of $4,000,000,000, with nearly 500 branches in more than 300 California communities and ranking as the nation's third largest bank and the country's sixth largest private enterprise of any kind.

A. P. Giannini, who is still Chairman of the board of directors, made no public statement for the occasion, but in a message to his employees he pointed out the nature of the causes behind the development of California and all the Far West.

"An aggressive, pioneering spirit is behind the vigorous growth of our Far West," he declared. "A typical example is found in the men who grouped themselves together to construct great dams, bridges and other immense projects and open the way to swifter development of our vast resources. They had imagination, energy and the courage to take chances. We backed them up. Then when war came they were able to meet the new challenge.

"There are many such men and groups of men here, planning and working for progress," he continued, and speaking of the bank, he said: "It is our good fortune to be right in the middle of it. We have been in the middle of this kind of thing, encouraging it, for 40 years. And our job is only started. Our highest destiny lies ahead."

Members of the board of directors of the United States National Bank of Portland, Ore., have announced their intention of authorizing the payment hereafter of dividends of $1.80 per share on stock of the par value of $20. Commenting on the proposed change in the rate, which is to become effective as disbursements are ordered subsequent to Jan. 1, 1945, Paul S. Dick, President, states: "The board, which has all along pursued a highly conservative policy in the distribution of dividends, has concluded that, since capital funds now aggregate the substantial sum of $17,500,000 and as reserves fully adequate to meet all contingencies have been established, an increase from $1.60 to $1.80 per share on an annual basis is appropriate."

Names ABA Group On Service For Veterans

The needs of war veterans will have the attention of a special committee of the American Bankers Association in the coming year, according to an announcement made on Oct. 19 by W. Randolph Burgess, new President of the ABA, of the creation of a Committee on Service to War Veterans. Creation of this Committee puts into effect the pledge of service made by Mr. Burgess a month ago when he was elected President of the Association.

In his inaugural address, which appeared in the "Chronicle" of Oct. 5, on page 1472, Mr. Burgess suggested as a theme for the Association during his administration, "GI Joe, under fire today—a veteran back in our midst tomorrow." He mentioned three specific responsibilities he feels bankers owe to GI Joe, which he summarized in these words: "Our duty to GI Joe, as soldier and as veteran, lies clear before us. We must finish the war effort, and in this our special responsibility as bankers is the Sixth War Loan. We must prepare to welcome the veteran home and meet his needs both for jobs and human understanding. We must build plans to prevent World War III.

"To make sure that all of us have the necessary information on and understanding of this problem," he said, "I propose to appoint a committee which we may call the Committee on Veterans or, if you wish, the GI Committee."

Chester R. Davis, Vice-President of the Chicago Title and Trust Co., Chicago, Ill., is Chairman of the Committee, which will hold its organization meeting in Chicago today and tomorrow, Oct. 26-27 at the Hotel Stevens.

Members of the Committee come from 19 States and include Frank C. Rathje, Vice-President of the Association. They are:

Chairman, Chester R. Davis, Vice-President, Chicago Title and Trust Co., Chicago; Frank C. Rathje, Vice-President, ABA, President, Chicago City Bank & Trust Co., and President, Mutual National Bank, both of Chicago; Secretary, William Powers, Deputy Manager, ABA, New York; Walter B. Allen, Vice-President, Continental Illinois National Bank and Trust Co., Chicago; F. N. Belgrano, President, Central Bank, Oakland, Cal.; J. O. Brott, Assistant General Counsel, ABA, Washington, D. C.; J. L. Dart, President, Florida National Bank, Jacksonville, Fla.; W. Laird Dean, President, Merchants National Bank, Topeka, Kan.; Earl J. Failor, Vice-President, National Bank of Detroit, Detroit, Mich.; David W. Fairleigh, Vice-President, Lincoln Bank & Trust Co., Louisville, Ky.; Anthony G. Felix, Vice-President, The Pennsylvania Company, Philadelphia, Pa.; William L. Gregory, Vice-President, Plaza Bank, St. Louis, Mo.; Maple T. Harl (Advisory Member), State Banking Commissioner, Denver, Colo.; Lauder W. Hodges, Executive Manager, California Bankers Association, San Francisco, Cal.; Walter H. Johnson, Jr., Vice-President, Marine Midland Trust Co. of New York, New York; Albert E. McClellan, Vice-President, First National Bank, Boston, Mass.; William H. Neal, Vice-President, Wachovia Bank & Trust Co., Winston-Salem, N. C.; Joseph G. Parr, President, Trust Company of New Jersey, Jersey City, N. J.; Frank P. Powers, President, Kanabec State Bank, Mora, Minn.; Walter W. Schroeder, Vice-President, National Bank of Commerce, New Orleans, La.; Earl B. Schwulst, First Vice-President, Bowery Savings Bank, New York; John C. Truxal, Vice-President, Lancaster County National Bank, Lancaster, Pa.; Samuel C. Waugh, Executive Vice-President, First Trust Company, Lincoln, Neb.; William C. Way, Trust Officer, Central National Bank, Cleveland, Ohio; B. Magruder Wingfield, Vice-President, National Bank of Commerce, Houston, Texas.

ABA Executive Council To Meet In N. Y. In April

The annual spring meeting of the Executive Council of the American Bankers Association will be held in New York City at the Waldorf-Astoria, April 15-18, 1945, it is announced by W. Randolph Burgess, President of the Association. Mr. Burgess is Vice-Chairman of the board, The National City Bank of New York. The Executive Council is the governing body of the Association, consisting of the officers of the Association, the President and Vice-President of each of its six divisions and sections, the Chairmen of its various commissions, and representatives elected by the member institutions of the various States.

The meeting will bring together the members of the council and the leaders of the Association's commissions, councils and committees, and the officers of its divisions. The council holds two meetings a year, the annual spring meeting in April and a second one held during the annual convention. They are always executive sessions.

P. O. Reports Surplus

At the end of August the Post Office Department reported a surplus of $6,495,203, compared with a deficit of $12,979,868 correspondingly a year before, Frank C. Walker, the Postmaster General, announced on Oct. 1. United Press advices from Washington on that date said:

For July and August, the first two months of the fiscal year, when, traditionally, the Department's business volume is at its lowest ebb, revenues were $191,967,267, an increase of 20.07% over 1943. Expenditures amounted to $185,472,064, or 7.29% up in the year.

For August alone revenues were $96,896,823, an increase of $19,935,250 or 25.9% over the same month a year ago. Expenditures, reaching $91,962,997, increased by $6,706,126, or 7.87%.

Reports from 239 key post offices showed that fees on domestic money orders were up 75.50%; that the number of postal savings certificates issued rose 15.86%; that postal savings deposits gained 25.28%, and that postal savings withdrawals were 20.07% more than the year previous.